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The Nation's Business

Let's Face the Facts —At Home

Things are moving toward a crisis at Ottawa. Public alarm over developing bottlenecks in Canada's war programme, and particularly in the field of war supply, is making its impact felt upon the Government. Even so staunch a supporter of the Government as the Winnipeg Free Press has come out strongly for a reorganization of the cabinet. Certain cabinet ministers are depressed by the present situation and are urging the Prime Minister to forestall further failures in war supply by a drastic reorganization.

The most serious bottleneck that has yet been revealed is the breakdown in production of Avro Anson planes for the British Commonwealth Air Training Scheme. But there are other bottlenecks looming up; there are further weaknesses yet to be exposed.

Bottlenecks result, in any programme, either from lack of efficient planning or from mismanagement. The Federal Aircraft situation is bad enough for what it means to our greatest war contribution—the air force. It is much more important, however, as an indication of something definitely wrong with the Government's system of buying and producing war supplies. If the airplane tangle leads to a reconstruction of the Government's system of planning and carrying out Canada's war programme, it may even have served a useful purpose, for it will have forestalled other equally serious disappointments.

* * *

What are the elements in the reorganization that is urgently needed. Recent events have all pointed to the same things as being necessary. Newspaper comment all over Canada is now focusing on these things. Therefore, The Financial Post makes no apology for repeating and summarizing what it has consistently emphasized in news articles and editorial comment.

Three major moves are needed; they are moves that have been publicized, week after week for many months past, in the Financial Post's Platform for Canada that appears on the editorial page of each issue.

1. A stronger cabinet, stronger because there has been included in it Canada's best executive brainpower regardless of party considerations. The argument is not for union government, for reasons which The Financial Post sets forth in a further editorial in this column. But it is for a cabinet that has enough good men in it—drawn to Ottawa for the duration of the war—to make certain that the country's war effort is efficient; a cabinet that will inspire and lead Canadians in the "total effort" that is needed to meet total war.

2. From this group, an Inner War Cabinet, whose members are free from the pressing routine of running departments and bureaus, and charged with the single responsibility of giving Canada a Master Plan for its war effort, and of seeing that that plan or programme is effectively carried into action.

3. The placing of the intricate, business problem of war supply under a non-political industrial executive, responsible to the Minister of Munitions and Supply, but charged with sufficient authority to enable him to get results all down the line in the purchase and production of the munitions of war. He should not be a member of the cabinet; he should be a "general manager" of the highest calibre, a man of the type of Sir Joseph Flavelle. He should be given complete authority to produce what is needed and to organize Canada's industrial front to achieve the results that are not now being achieved.

* * *

Canada will have started on a new and more glorious phase of its drive for the victory the very day the Prime Minister awakens to the fact that the absence of these three things is today preventing us from attaining the "total effort" to which he has committed the country.

In man power, materials and money there are many bottlenecks In the national organization that is needed to wipe out these bottlenecks, there is only one bottleneck. That is the inaction—it cannot be indifference—of the Prime Minister, who alone has the power and authority to reorganize Canada's war effort.

The country looks to Mr. King to act.

* * *

The Facts About Federal Aircraft

Airplane production represents the worst bottleneck yet to come to light in Canada's war production programme. And in aircraft the most unsatisfactory results are related to the work of Federal Aircraft, Government-owned company set up to co-ordinate production of Avro Anson training planes.

For the information of its readers The Financial Post publishes herewith a summary of the main facts about Federal Aircraft and Avro Ansons:

1. Mr. Howe promised production, early in 1941, of 360 planes a month. This estimate was not made by the industry. It would, of course, include all military types scheduled to be made in Canada.

Actual deliveries in January were 60 per cent of Mr. Howe's figures.

Most of the planes now being produced are inexpensive primary trainers. (Actually the original orders for primary trainers are now almost completed.) They have been coming off production lines at the rate of 80 to 100 a month. Some additional orders have been placed to keep production lines operating.

2. Dominating Canada's aircraft effort is the order for 1,500 Avro Anson planes, estimated to cost about $50 millions. This contract is the sole responsibility of a wholly-owned Government company, Federal Aircraft, Ltd. Federal was formed to co-ordinate the work of individual aircraft firms producing Anson components and assemblies. It took over "the responsibility of the Government for the production of aircraft of this type."

Canadian production of Anson planes has been considered essential to success of the Commonwealth Air Training Plan. These planes are to be Canada's major contribution in aircraft production.

3. Until Canada begins to produce Anson bombers to meet the urgent need of the Commonwealth Training Plan it is doubtful if Canadian airplane production can exceed 150 to 200 planes a month.

4. In July, 1940, Hon. C. D. Howe stated: "It is anticipated that Canadian production of Ansons will commence before the end of this year."

Last week, Mr. Howe stated: "There was never the slightest thought in anyone's mind that we would get the first Avro Anson plane before the end of February, 1941."

5. Canadian aircraft companies, anxious to make progress on Ansons, recommended to the Government that Federal be dissolved. Mr. Howe has so far ignored this recommendation.

6. H. R. MacMillan, chairman of the Wartime Requirements Board, had Federal studied by an able, independent U. S. aircraft executive. This expert, Ernest R. Breech, is understood to have been scathing in his criticisms.

7. Mr. Howe considers criticism of Federal as "outrageous." He has given no indication that Federal has fallen behind in deliveries.

8. Aircraft companies with component or assembly contracts doubt if any Canadian Ansons can now be produced by June—possibly by July or August. Drawings and blueprints were still missing as recently as a week or two ago. Hundreds of parts have not yet been ordered. The manufacturers contend there can be "no guarantee of performance under present or proposed reorganization so long as no schedule can be obtained from the company (Federal) as to when raw materials, parts, proprietary

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Hear Pools Asked to File Tax Returns

Ottawa Takes First Steps to Levy Income Tax on Co-operative Organizations

From Our Own Correspondent

WINNIPEG.—The wheat pools and other co-operatives throughout Canada have been asked to file Dominion income tax returns, The Financial Post is informed. There is no official confirmation, income tax authorities taking the view that their relations with taxpayers and potential taxpayers are entirely confidential. Hitherto such organizations have been exempt from any levy of this kind on the grounds that all profits were returned on a pro rata basis to patrons rather than to shareholders.

The request from Ottawa to file returns does not mean that there will be any change in the tax status this year but it is interpreted as an indication that the authorities are interested in the possibility.

For some time there has been criticism of this tax exemption from privately owned competitors. The latter, of course, pay the regular Dominion taxes, which fact they argue puts them at a very serious disadvantage with competitors like the wheat pools, which get off scot free.

Not Original Intention

Moreover, these private interests maintain that, when the income tax was first framed, there was never any intention of exempting such organizations as the pools, which for all practical purposes are just ordinary grain and elevator companies doing a regular business in a highly competitive field. Under the original co-operative idea, it is said, the Government had in mind small local groups of producers of natural products, often in localities lacking adequate marketing services, who banded together to provide such. As grading was usually an important part of this marketing service, a central grading plant and storehouse were necessary, hence the need of an organization and some capital.

Very few co-operatives in Canada had advanced beyond that small local stage before the Income War Tax Act was introduced, back during the last days of the first Great War. Since then, however, many co-operatives have become big business, particularly in western Canada. Throughout the Prairie Provinces the wheat pools, for instance, have duplicated privately owned grain elevator facilities at practically every railway station as well

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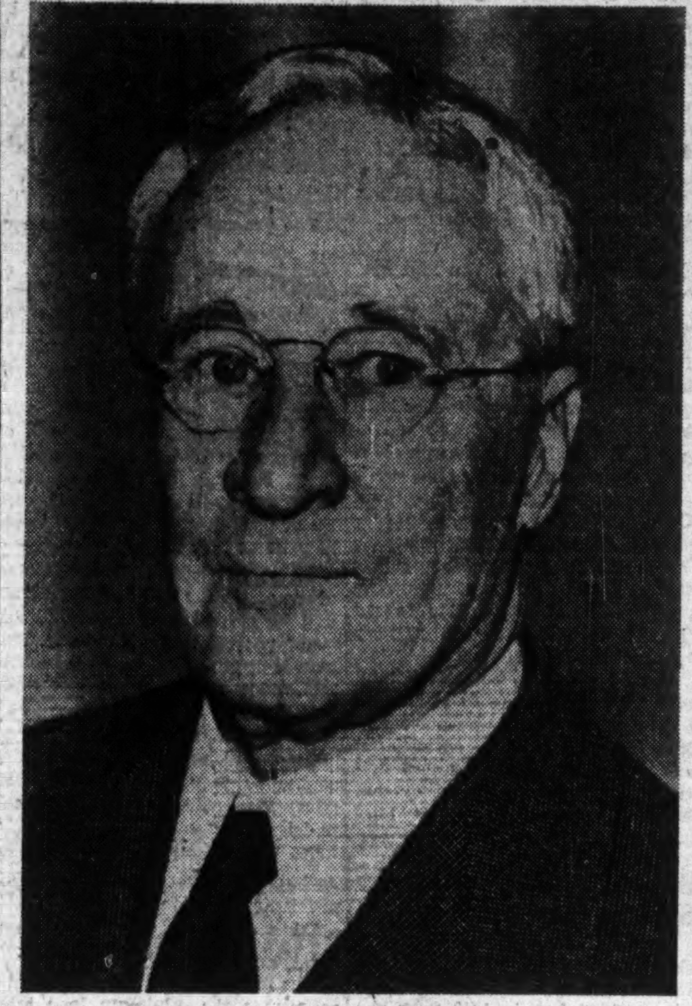
Quebec Province To Stop Relief

From Our Own Correspondent

MONTREAL.—Quebec Province intends to make no further contributions to the cost of direct unemployment relief, the municipalities of the province have been advised by the Quebec Bureau of Economic Construction.

The Quebec notice follows closely decision of the Dominion to discontinue relief payments.



HON. LEIGHTON G. McCARTHY, K.C.

Canada's new Minister at Washington is an outstanding and gifted Canadian. He returns to public life after three decades of notable business achievement. Chairman of the board of the internationally famous Canada Life Assurance Co. he has vitally important corporate and personal connections in Canada and the United States.

On page 20 The Financial Post publishes an interview with Mr. McCarthy by Kenneth R. Wilson, associate editor. This is the first interview granted by Mr. McCarthy since his appointment. It gives an intimate, informative word picture of Mr. McCarthy's background and record.

Housing Shortage Becoming Critical

Industrialists throughout the country are rapidly coming to believe that there is developing a serious bottleneck which may strangle vitally important war production.

This unrecognized bottleneck is housing.

As new war plants reach upward, as machinery is installed and preparations for production are pushed feverishly forward, industrialists are looking about in vain for the houses in which the workmen and their families will live.

The interdepartmental committee on labor in war industry estimated that "the total additional drain on the labor market . . . in 1941 is estimated at approximately 200,000."

A substantial part of this huge total will be concentrated in new industries, in plant now being or soon to be erected. Where are these tens of thousands of workers to live?

The record discloses:

That vacancies in houses in Canada are now under 1%.

That construction of houses, despite the great war boom now under way, has flattened. There was $67,451,200 of home and apartment house building in 1939; $67,609,900 in 1940. This construction failed to follow the upward swing of employment.

Moreover, it is well known that large plants are being erected in small communities. It is against the censorship regulations to name the towns and villages in which these are being built. But it will occur to many people that plants requiring thousands of workers are going up in communities with a population of less than 1,000 people.

Here are a few examples for which, if regulations permitted, the identity of the plants and the communities could be given.

Population 3,000. Plant to come into operation this fall employing 3,000 persons. Add their depend-

(Continued on page 4, col. 6)

Dom. Textile Sales Run 30% Up

Taxation Expected to Cut Heavily Into Profits — Imports Not An Important Factor

From Our Own Correspondent

MONTREAL.—Volume and dollar value of business of Dominion Textile Co. for the current company year is about 30% ahead of the 1939-40 period. All plants are operating at a relatively high level.

This condition is expected to prevail to the end of the company year on March 31 next, but taxation will cut heavily into profits.

In the last complete year the company had a trading profit of $4.6 millions. This was substantially over that reported in 1938-39. Net profits amounted to $2.2 millions, equivalent to $7.70 a share on the common stock.

Depends on Taxes

Whether income and excess profits taxes will permit the company to show an improvement on this showing or merely maintain net income at the 1939-40 level, depends upon outcome of the next few weeks operations in the basis on which the company is obligated to make tax returns.

A high mill operating ratio is likely to be maintained for some time to come. There has been a slight easing of new orders lately, though not enough to indicate a trend. An increasingly larger share of the new business is on domestic account. The company is still working on Government orders received last fall.

There is no indication of stocking up of supplies. Reports from the trade indicate a healthy demand for cotton and other fabrics produced by the company. The greatly increased volume of employment in war industries, together with larger wage distribution, has undoubtedly played a part in the increased demand for textile goods of all types.

Competition of Imports

Competition from Lancashire and American mills has not undergone any major change. There was a sudden upsurge in imports last December, but this is regarded in the industry as a "fluke" and not due to concessions granted by the Canadian Government to English mills at the end of last year.

January trade returns, which would more closely reflect the concessions—removal of the tariff on all U. K. cotton yarns and piece goods—are not available as yet. The tariff easing is expected to become an increasingly important factor in the domestic trade here, though modified at the moment by irregularity of deliveries and by the fact Canadian mills are well supplied with business.

Dominion regulations respecting the use of raw silk are of no particular concern to Dominion Textile Co. The Government's orders are that the amount used by the Canadian textile industry be gradually reduced to a minimum.

Dominion Textile Co. is an important producer of fabrics, incorporating cotton and rayon yarns. It does not use real silk in any important quantities.

War conditions are having their effect on raw cotton supplies. Do-

(Continued on page 2, col. 8)

Political Upheaval Looming at Ottawa

Changes Regarded as Inevitable as Criticism and War Problems Grow More Serious — Aircraft Confusion Grows

From Our Own Correspondent

OTTAWA.—As forecast by The Financial Post some time ago, the smoldering fires of a political upheaval are now threatening to burst into flame. Portentous indications included the following:

1. The strain on certain senior ministers now that Parliament is in session has become overwhelming, intolerable. The demand for strengthening the cabinet has become insistent both within and without the Government.

Some change here is regarded as inevitable, even though Hon. Ernest Lapointe ruled out "national" government in his speech this week.

2. The continued criticism of Federal Aircraft Ltd., key organization in Canada's $100 millions airplane programme.

4. The Government must during 1941 raise a billion dollars to finance the war effort. It is realized that this is impossible without a larger measure of public support and mutual confidence.

5. Both farm and labor troubles are flaring up in many parts of the country. This situation is now entering a period when the strongest, most courageous leadership is imperative.

6. Criticism of present government policy and administration by some of the most influential newspapers in the country is having a penetrating effect. The Winnipeg Free Press, chief government supporter, has already called for a stronger cabinet.

Role of Opposition

Were the opposition at Ottawa in more capable hands there is little question that the issue would be forced very quickly. So far this session the opposition leader merely parrots the comment and information he reads in the press. The lack of informed, independent opposition leadership tends to prolong rather than terminate the current situation.

Flat rejection of "union" government by Hon. Ernest Lapointe is not expected to alter party relationships. The Conservatives do not want union. They aim rather to strengthen their own organization now so as to prepare for the next election. Union government, as they and many newspapers point out, is not to be confused with the need for strengthening the present government by the best men procurable irrespective of party affiliation or political background.

Federal and Mr. Howe

To date the most important public evidence of disquiet at Parliament Hill has been the debate on aircraft production and Federal Aircraft Ltd. Prior to making his "report" on the Anson programme, Mr. Howe caused some confusion by making a number of statements which it is believed he will have a hard time substantiating.

For example: he attempted to cross swords with G. A. Cruickshank (Fraser Valley) about production of planes in British Columbia. Mr. Howe asserted that aircraft were being produced and manufactured at two places and that one plant was "manufacturing the largest type of machine being made in Canada."

The Financial Post is informed by its Vancouver correspondent that no planes are actually being pro-

(Continued on page 2, col 1)

No C. P. R. Control Canadian Airways

Canadian Airways is not controlled by Canadian Pacific Railway and reports to this effect are not correct, G. W. Hutchins, an executor for the estate of James A. Richardson, informs The Financial Post.

He adds that:

"Other reports in the press have intimated the Canadian Pacific Railway has bought the Richardson interest in Canadian Airways Ltd. and subsidiary companies but these reports are not correct as the Richardson interests have not disposed of control of Canadian Airways and in fact have not sold a single share of their holdings of stock in this company to the C.P.R. or to anyone else."

Westinghouse Sets Record

Expect 1940 Earnings to Show Gains in Spite of Heavier Taxation

Volume of business done by Canadian Westinghouse Co. in 1940 set an all-time record, The Financial Post is informed. All departments participated in the gains which do not consider the direct war work which the company has undertaken.

Capacity operations continue, with no let-up in sight.

The annual report, when it appears in the near future, will show net profits for 1940, considerably higher than in 1939, it is learned. In the latter year, Canadian Westinghouse had less satisfactory operations than in the two preceding periods and earned $1.52 a share on its common.

Back To Old Rate

The company regards its dividend as being on a regular 50-cent quarterly basis now following declaration of 87½ cents a share, payable Jan. 1, 1941, which brought total payments for 1940 to $2 a share. This compares with $1.75 a share paid in 1939. It is expected that net profits for 1940 will show this $2 a share dividend well covered from current earnings.

Taxes have been unusually heavy last year. Canadian Westinghouse has a relatively low capitalization and fairly wide fluctuation in earnings, making it particularly vulnerable to the excess profits tax. Taxes provided for 1940 were several times those of 1939. Recent awards of freight car contracts will be of benefit to Canadian Westinghouse which makes all the air-brake equipment used in Canada.

Officials admit that there is some doubt as to what will happen in certain phases of the business in the coming year. It is not certain, for example, that it will be possible to continue to get supplies of steel and other materials going into the household equipment lines. So far there is no apparent reduction in sales volume in these lines as a result of the higher taxes imposed, but so much confusion has prevailed with regard to how this tax is to be levied that it is difficult to make a fair estimate.

Dom. Foundries Net Lower

1940 Report Expected to Reveal Heavier Taxes and Write-offs

When the annual report of Dominion Foundries & Steel Ltd. appears in the near future, it is expected to show that net profits were below those for 1939. That year set a record for the company and showed $3.47 a share earned on its common.

Gross profits were somewhat less in 1940. but the chief reason for lowered net is understood to have been higher taxes and a special allowance for amortization of $2.5 millions of capital expenditures made by the company and heavier taxation. Dominion Foundries has obtained permission to write this capital investment, largely incurred as a result of the company's participation in the country's war effort, off somewhat faster than normally and a substantial sum was applied against 1940 earnings.

Capacity operations continue to prevail at the company's plant with the main problem that of meeting orders and deliveries. So far as can be seen, this will continue for some time to come or at least so long as Canada's war effort stays at its present level. The capital extension programme has been pretty well completed and new equipment is in operation.

The War And Business . . A Weekly Round-up

No Big Bombers

Latest word on the four-engine bomber programme which Mr. Howe talked about when he returned from England is that it is "off."

This was the programme suggested a few weeks ago by the British to take the place of the U. S. fighter and medium bomber contracts which Canada had been trying to negotiate in the United States since last August.

As Canada was about ready to close a deal for the smaller craft, word came from Mr. Howe (then in England) that it was all off and we were being asked to build the big planes.

* * *

The Case Against

A man of international reputation who has been cautioning Canadians against the danger of inflation writes to us this week on the subject. The following paragraphs crystallize with precision and clarity his view. He says:

"My aim is not to suggest that all inflation can be avoided, but to insist that inflation is fundamentally more painful than high taxes and to insist that Canada fight against it, instead of taking the easy road.

"If we in the Dominion do that, we shall strengthen the hands of the people in the United States who are fighting the same battle, while conservative and direct financing in North America will in turn make it easier for Great Britain to avoid monetary expansion.

"If we can come out of this war with price increases of less than 50% in Great Britain, with still smaller raises in this country and in the United States, I think that we shall have done a good job and one worthy of commendation by posterity.

"That, however, will not be an easy task, and I think that all of us should exert every effort of which we are capable to arouse public opinion to the realities of the situation so that specious advocates of inflation are not able to push us over the edge of the hill from which recovery to sound financial policies would be impossible."

* * *

Army on Top

Detailed estimates of Canada's war programme were placed on the record by Finance Minister Ilsley last week. Compared with estimated expenditures for the previous 12 months, the figures look like this:

	1940-41	1941-42
	(In Millions of $)	
Army	495	667
Navy	123	181
Air Force	234	421
Supply	62*	180
Total	914	1,450

*Cash disbursements to Jan. 31.

* * *

Although the proportion spent on the army drops from 54% to 46%, nearly half of every dollar of war cost is still going into the army—despite the fact that Canada's most important single contribution is supposedly through the Commonwealth Air Plan.

Recently the Winnipeg Free Press challenged this ratio, suggested it needed pretty close examination to make sure it wasn't a top-heavy one dictated by the "professional soldier."

Said the W. F. P.:

"The historical fact is that the brass hats, as a rule, are not only blind to the necessity of expanding the other services—which they regard as competitors—but are prone to prepare for the war that is past rather than the war that is being fought."

* * *

Priorities Office

The text of the order-in-council conferring important powers on Canada's new director-general of priorities (R. C. Berkinshaw) has not yet been made public. The official statement issued by Mr. Howe defines Mr. Berkinshaw's powers and responsibilities as follows:

1. To assure that all war requirements are met in an orderly fashion.

2. To see that these demands have priority over other requirements.

3. To allocate and determine transport and delivery of supplies.

4. To set up, under the minister's approval, a list of priorities.

* * *

If these powers are contrasted with those of the Wartime Requirements Board it will be seen that the practical functions of the MacMillan board have been transferred to the new board. All that remains with the Requirements Board are the purely advisory functions. The one practical function has been withdrawn and placed under the supervision not of the MacMillian board but of the minister.

* * *

Significantly, there is an important difference between the Priorities Office now established and the one envisaged by the War Requirements Board.

According to the official statement, the powers of the new office were "formulated and recommended by the Wartime Requirements Board." Yet the new office is answerable to Mr. Howe not to the MacMillan board—a point which Mr. MacMillan stressed in his original statement but which is ignored in the Howe summary.

This background may throw light on Mr. MacMillan's public statement made February 8 when he left for Vancouver.

Mr. MacMillan said:

"I shall be prepared to remain in Ottawa if there is a job in which I can be sufficiently effective to justify my continued neglect of my interests which are all in British Columbia."

* * *

Billion Dollar Loan

The job facing G. W. Spinney, newly appointed chairman of the executive committee for the Third Canadian War Loan, is to raise about four times the amount annually put aside in savings and premiums by Canadians through established life insurance companies.

Current estimates of the amount the Dominion will have to borrow in the coming fiscal year range up to a billion dollars. Whether this will be raised in one loan in the summer or fall, in two loans, or by an "open-end" loan on the present British pattern is not yet decided.

A figure of $700 millions is regarded as the minimum amount to be raised by public subscriptions, over and above the sums realized through the War Savings Campaign.

* * *

Actual commitments of life companies to the first two war loans was about $49 millions, although substantially more than this was "subscribed."

If the life companies doubled their 1940 subscriptions (and they will probably be asked to do considerably more than that) they would be putting into war loans a sum almost equal to the net increase in total assets in 1939.

* * *

Industrial Suggestions

Support from industrial companies may be a more important factor in the next war loan than it was in the case of the two 1940 loans, although year-end reports for 1940 show that many industrial firms have tied up working capital in increased inventories, appear to have little to spare for long-term investment.

Investors of this type are in any event likely to regard their bondholdings as contingency reserves, and bonds bought by them can seldom be regarded as permanently "placed."

* * *

Non-stop Flights

The tragic loss of the Banting plane draws attention to the amazing record of non-stop flight deliveries that has been established.

Since the start of the war 450 U. S. planes have been flown non-stop to Britain, according to U. S. News. Until the Banting plane crashed, not one had been lost.

In addition about 2,450 U. S. planes have been sent by ship.

With the coming of spring and good weather a greater proportion of planes from this continent will land in England under their own power. Many planes already delivered by U. S. factories are now waiting for better flying weather.

Make Sure You See—

How Investors Regard Mining Stocks
Canada's Most Popular—p. 11.

$100 Prize Winning Mine Portfolio
Investing $25,000 in Mining Stocks—p. 19.

Those New American Defense Bastions
Western Hemisphere Defense—p. 11.

New Deal In Bren Contracts
Bren Deal Renews—p. 8.

How Municipalities Lighten Work
Streamlined Municipal Accounting—p. 12.

D. A.

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The Nation's Business

(Continued from page 1)

articles, castings, forgings, finished parts which are to be supplied by Federal Aircraft will be available."

9. In the House this week Mr. Howe stated: "The first plane (Anson) has been flown but it has not been delivered."

This statement is categorically denied by officials of the aircraft companies.

The fact is that a "mock-up" plane has been in the air now for several weeks near Toronto. This is not a Canadian Anson.

It is a British Anson—a plane which was brought to Canada from England and has been "converted" by the substitution of an American engine, Canadian engine fittings, etc.

The plane is being used to test the design, performance, etc., of various parts which will eventually be used in the manufacture of a Canadian plane. Meanwhile skeleton fuselage and other parts are piling up in aircraft assembly lines and storehouses because of lack of parts, fittings, etc.

These are the facts. They mock Mr. Howe's optimism and his efforts to indicate that all is going well.

* * *

The Real Demand: A Stronger Cabinet

Mr. Lapointe made a forceful attack this week on "National Government." His address diverted attention from a much more pressing issue, namely the strengthening of the present cabinet to make it a real war cabinet.

It is true there is agitation for National Government. To most of the advocates, National Government implies Union, or all-party government.

The Financial Post feels a Union government that swallowed up all parties would be a mistake. A "Loyal Opposition" is necessary to analyze and criticize and to spur the administration on to its best efforts. Union government in the last war was extravagant and wasteful. Because there was no real Opposition to analyze government plans, the Union cabinet committed Canada to mistakes for which we are still paying burdensomely, such as the railway purchases.

* * *

The way to strengthen the cabinet is to replace the unsuitable ministers and to bring in able men to take their places. These able men may be found in the Liberal party; they may be Conservatives or something else. Many of them will never have had any active party affiliation or political ambitions. The point is that their party affiliations, their place of residence, their occupations, their religions should not be considered as factors in their selection.

The slow drag of the War Savings Campaign tells its own lesson. The people are not inspired to regard their Government as the nation's spiritual leader in war.

If total war is to be met by total effort we shall have to start with a cabinet that can inspire more confidence; arouse more enthusiasm; and above all repair those deficiencies in war administration that keep us from attaining a "total effort."

* * *

Sirois Figures Shown for 1940

Revision of the Sirois figures shows that the provinces, with the exception of New Brunswick, would have gained less in 1940 from the report's recommendations than in preceding years. Net gain to the provinces in 1940 would have been $10.4 millions; to municipalities $2.8 millions. In 1937 the figures would have been $49.2 millions to the provinces, $18.7 millions to the municipalities.

Actually, the proposals cannot be fairly illustrated by taking 1940 public accounts. Unemployment has fallen to virtual zero. Abnormal income from war-stimulated industry has given the provinces revenues which they might not normally receive.

* * *

The proposals framed by the Sirois Commissions were predicated upon the probable experience of peacetime years. They did not embrace the possibility of a war economy.

Nor can the plan be illustrated by future experience. It would be a far-seeing individual indeed who could predict with any prospect of success what 1945 or 1950 will bring forth. But it is more than probable that there will be unemployment. Income and provincial revenues may be at depressed levels.

Under such conditions application of the principles laid down by Sirois will be favorable to the provinces—unfavorable to the Dominion. The plan is essentially a long-range project, not one for two years or even ten.

* * *

Provincial revenues in the current year may be materially and adversely affected by national policies.

The Dominion's war budget is expected to encroach on the field of provincial taxation. Unemployment aid has already been cut off from the provinces and municipalities.

It is more than probable that 1940 represents the minimum load that the Dominion would have to bear under the Sirois proposals, and the minimum gain to the provinces.

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C'monw'lth Pete.	18	Nat. Malartic	18
Cons. Smelt.	11, 19	Naybob	18
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Political Upheaval Looms

(Continued from page 1)

duced in British Columbia at present. Boeing Aircraft of Canada is building spruce parts for planes under construction in the East, but will not be making complete craft until its new plant goes into production next summer.

Other Contradictions

Other contradictory statements by the Minister of Munitions and Supply:

1. "There was never the slightest thought in anyone's mind that we would get the first Avro-Anson plane before the end of February."

In July, 1940, Mr. Howe stated: "It is anticipated that Canadian production of Ansons will commence before the end of this year."

2. "The first plane has been flown but it has not been delivered."

No Canadian Anson planes have been flown. One English Anson plane which has been "converted" by substituting an American engine and certain Canadian parts is now being tested.

3. Mr. Howe crossed swords with Amherst, N.S., stating there was a "considerable pile-up of Anson machines awaiting assembly there" and asking the community to "turn out the airplanes we have given them."

These are English, not Canadian Ansons, which are being assembled at Amherst. The Post is informed that the plant could turn out more planes if the parts were made available and that even now, one plane a day is being assembled which is the schedule requested by the Department of Munitions and Supply.

Munitions Madhouse

No one here questions Mr. Howe's courage and driving force. But the alarming unreliability of his public statement; his vindictive attack upon the aircraft companies; his apparent refusal to accept advice as to reorganization; his quarrel with men like H. R. MacMillan regarding extension of authority in respect of supply—these have aroused some concern even in Government circles as Canada's billion dollar munitions programme approaches the terribly tough and exacting stage of peak production.

"Canada has done an excellent job on the war programme generally," was the way one high-ranking official expressed himself to The Post recently. "This is especially true of the things we knew how to do—trucks, shells, etc. But in my opinion the Department of Munitions and Supply is a madhouse. There are at least nine or ten departmental officials each with spending authority but lacking any real co-ordination in their efforts as a whole."

Priorities Board

Something of the Howe technique is seen in the statement regarding new powers of the director-general of priorities (R. C. Berkenshaw) announced last week.

According to the official statement from the department, the powers of the new board were "formulated and recommended by the Wartime Requirements Board." But the new branch is answerable to Mr. Howe and not to the War Requirements Board—as recommended by that body. Mr. Howe's summary ignores this point.

Pressure on Cabinet

The arrival of parliamentary sessions which must be faced day after day has increased cabinet tension alarmingly.

Chief difficulty is the admitted lack of balance in the present King administration. A few men are bearing almost the entire responsibility for war leadership as far as cabinet responsibility is concerned. In at least two cases it is questionable how much longer their physical resources will hold out.

Many leading Canadians have been invited to take some part large or small in the war effort but only "party" men have been asked to share cabinet responsibility. The administration is overloaded with men who lack the ability or the competence to play a leading part in the present crisis.

Labor and Finance

The fact that the Government must raise upward of a billion dollars in forthcoming war loans is also giving concern. Such a sum would be stupendous at any time. Unless there is wholehearted support of both the press and the public the task will be difficult in the extreme. It is realized that unless the political air is cleared here first, the chances of putting a loan of this type over with a bang will be as immeasurably difficult.

In respect of labor troubles the thing that is giving most concern is the determined drive of the C.I.O., especially in the steel working trades, to put a gun at the head of management for union recognition, etc.

Though the labor department has been greatly strengthened internally within recent months there is very little confidence in the present minister as a man competent to handle matters if the present deliberate attempt to incite labor unrest comes to a serious climax.

St. Lawrence Operates At 64% of Capacity

From Our Own Correspondent

MONTREAL.—St. Lawrence Paper Mills is currently operating at 64% of capacity, the annual meeting of shareholders was told. In discussing the outlook for the company, Arthur F. White, declined to predict the possible volume of business in 1941, but he said that operating costs would be somewhat higher than in 1940.

In reply to a question as to the condition of the Hearst liabilities to the Canadian newsprint industry, A. Kirk Cameron, board chairman, said the account is slowly improving. He also said that while the bank loans currently had been materially reduced, this condition is purely temporary.

Coke Is Short In Montreal

But Industrial Needs Not Hit by Big Army Orders

From Our Own Correspondent

MONTREAL.—Temporary shortage of coke supplies has forced Montreal Coke & Manufacturing Co., jointly controlled by Montreal Light, Heat and Power Consold. and de Koppers Co., to ration the coke supply in the Montreal area.

Present difficulties are due to greater than expected government orders for coke for cooking and heating purposes in new camps.

The need of keeping the camps supplied has exhausted reserves normally built up during the summer months. Current consumption is being met from day-to-day production. The latter is inadequate and it is possible imports will be secured in the next few weeks.

Over 1,000 Tons a Day

Capacity of plant at Ville LaSalle is slightly better than 1,000 tons of coke a day; or 375,000 tons a year. All facilities are being used at present.

With the turn of warmer weather and lower consumption of fuels it is expected the plant will be able to catch up on demand, but this is still not likely to take place for another five or six weeks, by which time the worst of the winter weather will be past.

Dealers Are Co-operating

Dealers have been co-operating closely with the company in explaining to customers why they are not in a position to fill orders for coke. In a few instances the lack of coke has been inconvenient, but there is no suffering as an adequate supply of other fuels exist.

Industrial coke demands have not been affected. In the majority of cases the users have their own supply or use a special type of coke.

Serve Wide Area

For several years past Montreal Coke, through its retail distributing organization, has been actively campaigning for greater use of coke in domestic heating. A sales area extending from Three Rivers on the north to Kingston on the south, and from Sherbrooke on the east to Pembroke on the west, has been opened up.

The use of coke for domestic heating has developed substantially in this area. In many instances special equipment has been installed.

New Sirois Report Figures Reflect Big War Changes

Perhaps the sharpest year-to-year change on record occurred between 1939 and 1940 in the finances of all Canadian governments, it is shown by the revised survey developed from the Sirois Report. Revenues are up in most cases; down in a few. Expenditures are higher in most cases, with certain outstanding examples.

The actual picture is made clear by the recent revision of figures prepared for the Sirois Royal Commission. The Sirois statistical studies were brought up to date for the abortive Dominion-Provincial conference of January.

In regard to relief, it is estimated that Canadian governments—Dominion, provincial and municipal—spent $61.6 millions in this field in 1940. This was less than half of 1939 costs, which totalled $125.3 millions. Most of this drop came in such items as relief for employables, relief works, and expenditures through the Dominion's own agencies.

All Revenues Up

For 1940 the consolidation of government accounts shows that the Dominion's current revenue reached an estimated $763 millions, a gain of about $250 millions from 1939. But, contrary to what might be expected, provincial revenues also rose—although by a much lesser amount—to $286 millions from $262 millions in 1939.

On a combined basis the total revenues for 1940 were $992 millions against $725 millions for 1939.

The provinces made a better showing in 1940 than in 1939, resulting from the combined factors of a drop of about $4 millions in expenditures, to $275.5 millions, and the higher revenues already mentioned; leaving a surplus of $10.6 millions.

But this is far overshadowed by the Dominion deficit of $515 millions compared with $114.6 millions for 1939. Thus, out of aggregate governmental expenditures of $1,496.1 millions estimated for 1940, more than one third represented spending in excess of current revenues.

Figures Clarified

The Commission's staff of analysts was turned loose on the maze of figures contained in the financial statements of nine provinces, the Dominion and as many municipalities as had statements available. Their task was to make these accounts comparable from one year to another and between different governments.

When they set up the figures for 1940—in some cases based on budget estimates and in all cases being for the fiscal years ended closest to Dec. 31, 1940—some interesting facts came out.

The figures for Ontario, leader of the opposition to action on the Comsion's report, show remarkable gains in major sources of revenues that would have to be turned over to the Dominion under the Commission's plan for financial reorganization of this country. Corporation income taxes, for example, were estimated at $24.1 millions for the year ending Mar. 31, 1941, against $12.5 millions actually received for the previous year. At $31.9 millions for 1940 this and other revenues grouped together compare with $20.4 millions for 1939. On the other hand revenues which would remain with the province are down about $2.5 millions, at $61.6 millions.

Dominion and Quebec

Turning to the Dominion it is found that revenues from corporation taxation are estimated at $126 millions for 1940, a gain of only $47 millions, or about 65%, from the preceding year in spite of the much higher Dominion taxation rates now prevailing. As Ontario's basic corporation income tax rate is unchanged, this does not mean more revenue for the province from this source.

Quebec, the other highly industrialized province where corporation income taxation runs into large figures, also estimates a gain in revenues from this source in 1940. But in this case the gain is only $1.1 million, to $13.2 millions. Here also the rate of taxation remains unchanged, the base rate being 5% as in Ontario.

Not Final Figures

In tabling the revised statistics in the House of Commons, Finance Minister Ilsley cautioned that the national adjustment grants were not considered final, and, that where final figures for 1940 were not available, budget estimates or forecasts were used.

Mr. Ilsley stated:

"In some cases it was apparent that these estimates might be subject to considerable modification when the actual results were available after the close of the fiscal year. It was therefore feared that they might be misleading to the public, particularly if used to illustrate the application of Plan I to individual provinces."

The Finance Minister said these were the reasons the Dominion Government was reluctant to make the revised figures public until they were discussed with provincial delegates at the Dominion-provincial conference.

How Plan Worked

The main plan for Canada's financial rehabilitation as included in the original report provided for assumption by the Dominion of provincial debt, responsibility for relief for employables and certain other items. In return the province would turn over to the Dominion certain taxes, including personal and corporation income taxes and succession duties.

If Plan I had been in effect in 1940 the Dominion would have been called upon to provide $9.6 millions as a net "cost." As a result of the combination of estimated higher revenues from the new sources of revenue to be taken over by the Dominion and lower relief costs, the 1940 estimates would compare with similar "costs" in 1939 of $39.8 millions, 1938 of $46.3 millions and 1937 of $38.8 millions.

Provinces Show Surplus

When the finances of the provinces are shown on a four-year average from 1937-40, under the plan, all provinces, with the exception of Quebec, show a surplus on operations. Loss in this province would have been $3 millions on the average. It must be remembered, however, that the province in this period has been running substantial deficits, that would considerably exceed this level.

Inasmuch as the rapid rise in income and corporation taxes and the drop in unemployment is due largely to the accelerated war pace of industry, projection of the Sirois proposals on the 1940 basis provides an abnormal picture in regard to giving an indication of how the plan would work in the long term.

Probably the results for the current year will give a more misleading picture than the estimate for 1940. It seems assured that, unless the Dominion encroaches into provincial taxation fields, provincial income from corporation taxes at least will be substantially higher this year than last. Personal income tax will be as high if not higher. Succession duties are unpredictable.

Following are the positions of the provinces and municipalities in 1940 and 1937, after giving effect to the Dominion-provincial shift in revenue sources and obligations.

*Effect of Dom.-Prov. Shift in Financial Relations

Net gain (+) or loss (—)

	Provinces †1940	Provinces ▲1937	Municipalities †1940	Municipalities ▲1937
	000's of $			
P. E. I.	— 341	— 139	+ 12	+ 61
N. S.	+ 441	+1,105	— 23	+ 192
N. B.	+1,529	+1,429	— 907	— 911
Que.	— 824	+3,601	+3,226	+12,467
Ont.	—6,091	+6,162	—1,412	+ 2,897
Man.	—1,086	+ 15	+ 844	+ 1,799
Sask.	+4,440	+6,912	+ 405	+ 324
Alta.	+3,034	+3,342	+ 534	+ 1,371
B. C.	—3,611	+2,141	+ 160	+ 496

*Before taking into consideration national adjustment and emergency grants.
†Estimated. ▲Actual.

Result of Plan on Provincial Finances (Basis 1937-40 Average)

	Prov. rev.	Grants	Prov. expend.	Surp.+ or def.—
P.E.I.	707	800	1,229	+ 278
N.S.	7,525	1,100	7,160	+1,465
N.B.	5,701	2,900	4,489	+4,112
Que.	41,704	8,500	53,221	—3,017
Ont.	59,625	....	59,104	+ 521
Man.	8,762	2,100	9,627	+1,235
Sask.	12,744	5,300	15,193	+2,851
Alta.	13,875	2,200	11,525	+4,550
B.C.	20,660	....	20,455	+ 205

Hear Pools Asked to File

(Continued from page 1)

as terminals at the head of the lakes and elsewhere. They have also actively entered the trade of supplying farmers' purchases.

There seems some confusion among the co-operatives themselves. The pools are exempt from income tax but some other farm 'co-operatives' or former co-operatives are not. Examples of the latter are the United Farmers Co-operative Co. of Ontario and the United Grain Growers of the Prairie Provinces. The official classification, apparently, is based on whether general business with non-members amounts to more than 20% of business with members or shareholders.

Whether an amendment to the present act will be required to force the large and national co-operatives to pay taxes is arousing much speculation. If no amendment is necessary but simply a new interpretation, then will the tax be retroactive?

Section 4 of the Income War Tax Act lists the incomes that are exempt from this type of taxation. Co-operatives come under subsection p which reads as follows:

> Co-operative companies and associations—The income of farmers', dairymen's, livestockmen's, fruit growers', poultrymen's, fishermen's and other like co-operative companies and associations, whether with or without share capital, organized and operated on a co-operative basis, which organizations
>
> (a) market the products of the members or shareholders of such co-operative organizations under an obligation to pay to them the proceeds from the sales on the basis of quantity and quality, less necessary expenses and reserves;
>
> (b) purchase supplies and equipment for the use of such members under an obligation to turn such supplies and equipment over to them at cost, plus necessary expenses and reserves.
>
> Such companies and associations may market the produce of, or purchase supplies and equipment for non-members of the company or association provided the value thereof does not exceed 20 per centum of the value of produce, supplies or equipment marketed or purchased for the members or shareholders.
>
> This exemption shall extend to companies and associations owned or controlled by such co-operative companies and associations and organized for the purpose of financing their operations.

Substantial Earnings

Published financial statements of the major wheat pool organizations of western Canada, none of which pay Dominion income taxes, reveal that earnings have been substantial. In the year ended June 30, 1940, for example, the Manitoba Pool had net earnings of $586,000 after paying all expenses. The Alberta Pool had a larger amount than this available, while the larger pool in Saskatchewan used its $1.6 million net income as follows: $889,000 to bring working capital up to $6 millions; $500,000 as a patronage dividends of ½ cent a bushel; $233,000 transferred to undivided profits.

Going back somewhat further, the three pool organizations have reported net earnings as follows:

Fiscal Year	Alberta Pool *$	Saskatchewan Pool †$	Manitoba Pool $
1939	733,316	37,246	not avail.
1938	70,856	d1,311,546	481,131
1937	638,595	195,585	290,282
1936	566,217	152,177	235,605
1935	218,284	117,090	239,499
1934	353,021	347,154	213,583
1933	461,505	814,030	150,479

*Excess of revenue over expense after charging depreciation.

dDeficit.

†After depreciation and provincial income tax as well as interest paid to the Province of Saskatchewan in the years 1933-38 inclusive.

Following recent revelations in The Financial Post that these large earnings were entirely free of income taxes, an agitation has developed in newspapers all over Canada for making the profitable pool elevator systems pay their share of the country's war costs.

Dom. Textile 30% Ahead

(Continued from page 1)

minion Textile Co. normally depends upon purchases in the United States and Egypt. At present purchases are being made in the U. S., Egypt and Brazil. The last named country is a comparatively new source of supply for Canadian mills and in the short fibre category has assumed considerable importance.

Supplies from Egypt naturally have been spasmodic in recent weeks. Shipments are coming through, but cannot be depended upon for regularity. Brazilian shipments have become increasingly greater at the expense of the American supply, which in pre-war days provided the company with a major share of its raw material.

Robert Gair Co. Pays 6% on Income Notes

Directors of Robert Gair Co. have authorized payment of the full 6% interest on its income notes. Payment will be made April 1, 1941, to holders of record March 31.

Payment of interest on these notes was omitted for 1938 but full 6% payment was made for 1939 in April, 1940.

Ottawa Light Covers Pref. Dividend Twice

Ottawa Light, Heat & Power Co. reports net profits for 1940 equivalent to $10.40 a share on its 5% preferred stock, compared with $13.80 a share for 1939. On the common, the balance available for last year is equivalent to 65 cents a share compared with $1.07. Dividends of $1 a share were paid on the common in each year.

Operating profits last year were practically unchanged from the previous year but heavier income tax provision resulted in the lower net.

The higher tax provision, redemption of $85,000 of 3% serial bonds and purchase for holding of $81,000 of the company's own bonds, as well as capital expenditures are reflected in working capital which amounted to $257,658 at Dec. 31 last, against $358,478 a year earlier.

Company Reports

Fraser Cos.

Consolidated revenue of Fraser Cos. in 1940 amounted to $3.2 millions, as against less than $1.8 million in 1939. After a sharp increase in provision for depletion and depreciation and reserve for minimum payment of excess profits tax, net profit of $679,737 was equal to 99½ cents a share, as against a loss of $208,638, or 56.2 cents a share the year before.

Consolidated balance sheet as at the end of 1940 presents a considerably stronger position. Fixed liabilities were reduced by $1.9 million and net working capital increased by $125,065. A special bank loan of $369,900 was liquidated; the special loan reduced by $501,000 to $1.2 million; first mortgage bonds from $7,575,000 to $6,695,000 and Restigouche bonds from $4,243,000 to $4,087,000. On the asset side of the statement the feature is an increase in cash from $1.2 to over $2.1 millions.

Comparative figures on the income and surplus statement follow:

Cons. Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Oper. earnings	*3,221,641	1,768,529
Less: Bank & other int.	44,440	56,430
Special loan int.	66,911	82,999
Bond int. & exchge.	748,526	755,393
Net earnings	2,361,764	873,707
Less: Depletion	478,526	173,344
Depreciation	1,203,500	907,000
Income taxes & E.P.T.†	310,500	nil
Net profit	369,237	208,638
Earned per share	$0.99	$0.56

*After executive officers' salaries and legal fees of $106,954 and directors' remuneration of $1,750.

†Including provision for Dominion Income and Excess Profits Taxes at aggregate rate of 30%, and for provincial income taxes.

Working Capital

	1940	1939
Current assets	$6,958,365	$6,351,662
Current liabilities	2,992,439	2,510,802
Working capital	$3,965,926	$3,840,860

Woods Manufacturing

Operating earnings of Woods Manufacturing Co. in 1940 increased to $529,454 from $254,497 in 1937, but increased provision for depreciation, income taxes and creation of a reserve for inventory value depreciation contracted net profit from $99,020 to $55,599. This was equal to earnings on the 7% preferred stock of $3.64 in 1940 and $6.48 in 1939.

Dividends on the prefered stock have not been paid since Dec. 31, 1930, and at Dec. 31, 1940, totalled $1.1 million, or $70 a share.

W. A. Eden, president, states the company's plant operated at capacity during the year, because of demand for a wide range of war equipment and materials.

Capital expenditures of $80,869 were made on capital account during the year to improve production facilities.

Bank loan increased by $107,000 during the year to $508,000, this is accounted for by increased receivable and inventories.

Cons. Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Operating earnings	529,454	254,497
Add: Misc. inc.	20,703	9,113
Less: Directors' fees	560	520
Executive sals.	28,403	23,900
Net earnings	521,194	239,190
Less: Depreciation	119,096	73,425
Bond interest	23,200	24,400
Income tax	140,000	40,000
Bond exp. amort.	2,345	2,345
Inventory res.	180,954	......
Net profit	55,599	99,020
Add: Prev. surplus	468,971	369,951
Surplus forward	524,570	468,971
Working Capital		
Current assets	2,342,441	1,806,525
Current liabilities	1,170,511	869,943
Working capital	1,171,930	936,582
Balance Sheet Changes		
Accts. rec. (net)	641,765	555,003
Inventories	1,616,787	1,185,094
Bank loan	508,000	401,000
Accts. payable	452,651	364,830
Inventory res.	180,955	......
Funded debt	540,000	580,000

Fire Insurance of Canada

Net premiums of the Fire Insurance Co. of Canada in 1940 were approximately 10% higher than in the previous year, according to the annual report just published. Earnings from investments also were slightly higher. Claims paid and due showed a small decline from 1939, while reinsurance premiums were higher, as also were commissions and expenses of management.

Taxes took 10.83% of the premium income against 7.22% in 1939. Expenses took 40.70% against 38.68%.

Total assets of the company were slightly lower than in 1939, due to depreciation in the value of investments. This was partly offset by a profit on the sale of certain securities. The loss ratio was substantially lower.

Surplus at the end of the year was higher.

	1940 $	1939 $
Net premiums	305,396	277,537
Interest	53,906	52,755
Claims pd. & due	124,197	138,771
Reins. prems.	218,975	202,484
Commissions, etc.	124,313	107,361
Assets	1,554,869	1,573,430
Securities	1,266,495	1,333,636
Cash	176,798	136,447
Agents' bal. due	98,642	91,703
Unearned prem. res.	247,555	231,921
Surplus	570,270	537,946
Loss ratio %	40.67	50

Melchers Distilleries

Melchers Distilleries Ltd. reports net profit of $85,869 in 1940, against $77,086 in 1939. This equals earnings of 68 cents and 62 cents per share respectively on $10 par preferred. Sales in the first half of the year decreased but this was more than offset by gains starting in July. Outlook for current year is promising and fair volume of sales is expected, according to Hon. Victor Marchand, president.

The company's distillery is to remain in full operation until opening of navigation. After that it will produce alcohol for munitions, Mr. Marchand announces.

Net working capital increased from $587,137 to $646,525 in 1940, the company reports show.

Ottawa Car Staff Passes 1300 Mark

From Our Own Correspondent

MONTREAL.—Ottawa Car & Aircraft's working staff has been increased to over 1,300 employees.

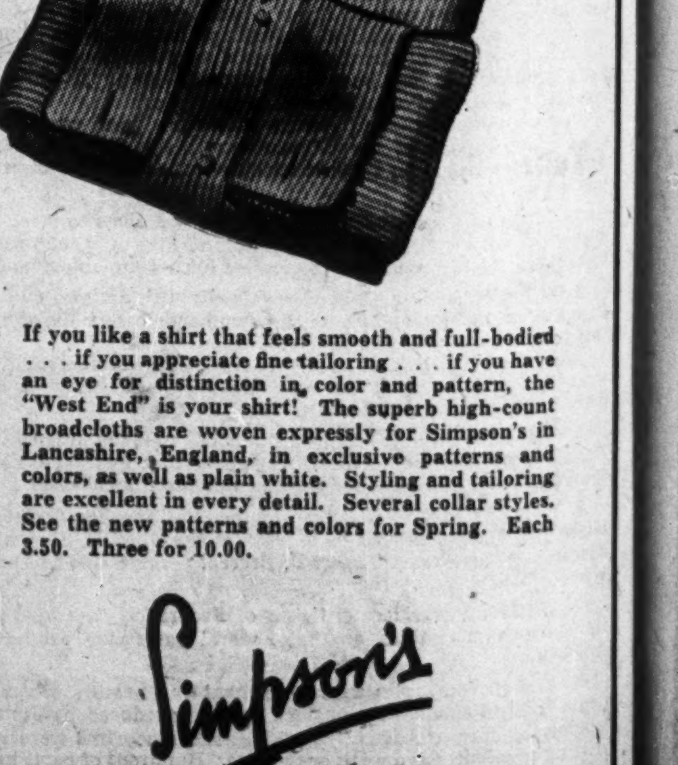
The new aircraft assembling plant, completed last year, is now working three shifts a day, seven days a week, and giving employment to about 69 employees.

ROBINSON INDUSTRIES

Name of Robinson Consolidated Cone Co. Ltd. has been changed to that of Robinson Industries Ltd. by Supplementary Letters Patent dated Feb. 8, 1941.

New styles . . . new patterns . . . new colors!

"West End" Shirts



If you like a shirt that feels smooth and full-bodied . . . if you appreciate fine tailoring . . . if you have an eye for distinction in color and pattern, the "West End" is your shirt! The superb high-count broadcloths are woven expressly for Simpson's in Lancashire, England, in exclusive patterns and colors, as well as plain white. Styling and tailoring are excellent in every detail. Several collar styles to choose from. See the new patterns and colors for Spring. Each 3.50. Three for 10.00.

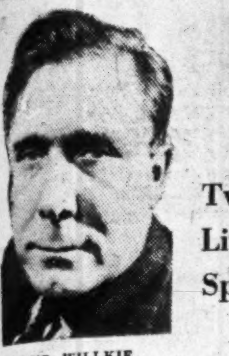
Simpson's

THE STORE FOR MEN — STREET FLOOR

London Calling

By Atticus

Two Years Bring Momentous Changes in Lives of Public Men — Churchill and Beven Speeches Compared — Visitors Welcome



MR. WILLKIE

MR. CHURCHILL

LONDON.—The year before the war the Emperor Haile Selassie visited his sons on Speech Day at Wellington College. He stood for a few minutes and talked to Mr. Hore-Belisha, then Secretary of State for War, and Mr. Robert Longden, the Master of Wellington. If anyone had then foretold the fate to be fulfilled almost in a matter of months, he would have been denounced as mad.

Mr. Hore-Belisha was to drink deep the bitter waters of political decline. The splendid and gentle scholar who ruled Wellington was to be killed by an enemy bomb. As for the Emperor, he was to return to his native Abyssinia in triumph via Bath and Jerusalem.

The natural dignity and quiet sincerity of the little Emperor never left him during the period when, from being the Lion of Judah, he was only another exile in the Island that is always visited by kings in their twilight. He gave generous presents to his friends here when he could ill afford it, and kept his patience and reserve even when there was a rumpus over the official recognition of Ethiopia at the Coronation. Those were the days when the delicacy of Mussolini's susceptibilities was considered more than now.

The return of the Emperor to Abyssinia puts Hitler in yet another dilemma. It is true that Haile Selassie is of the Royal blood of Judah and claims direct descent from Solomon—which offers a ready-made case for the Nazis—but then Hitler was so openly in favor of Abyssinia in the days when Italy first threatened to civilize it. However, Europe's supreme contortionist will probaby not be defeated by that.

* * *

Two Speeches

No two speeches could be more different in style than those of Mr. Ernest Bevin and Mr. Churchill delivered in the House of Commons the other day. It was in the two days' debate on the nation's manpower, a subject which concerns Mr. Bevin not only officially but spiritually. As he was to open the debate we felt that the House would hear not only facts but philosophy and that a Bevin triumph was on the boards. For some reason the Minister of Labor decided to read every word from a document which showed the hands of other Ministers as well as the unmistakable English of the Civil Service. There was rough justice, if doubtful taste, about the interruption of Austin Hopkinson, who calmly intervened to suggest that it would save Mr. Bevin's voice if a clerk read his speech.

It may be argued that in these days matter is everything and style does not matter, but Mr. Bevin is a realist, and must know that the House expects to see the workings of a Minister's mind, and not merely the results of its labor. This comment may seem ungenerous, but it is not intended to be. Next time let us hope that Mr. Bevin will have the success that he failed to grasp last week through overconscientiousness.

* * *

Churchill's Fine Form

Mr. Churchill had notes for his speech when he wound up, but he never glanced at them until the peroration, when his manner seemed to suggest: "Well, now the fun is over, and the rest of this stuff is merely history." I have never known him in more exuberant spirits. In the lobbies before he spoke he was as benign as one of the Cheeryble brothers. His smile was for everyone, and his quips had benevolence as well as point.

The humor, the clarity, and the timing of his speech were really remarkable. The House hung on every word, for we knew that we were witnessing an amazing performance. His disposal of Mr. Clem Davies for having spoken at too great a length, and of Lord Winterton for having spoken with too much heat, were perfect examples of painless punishment. When Mr. Churchill quoted a Latin phrase, and then offered to translate for the benefit of any old Etonians who were present, one felt that it was an epitaph to the unfortunate Bingham controversy.

Someone has since said to me that the speech did not read very well. That is possibly true. It was so completely an example of the art of speaking that it might defy transition to print.

* * *

Our Famed Visitors

We have become the Island that loves to be visited, since, with the exception of the aristocrats of the R. A. F., none of us can go visiting. Those days when we used to cross the Channel in exquisite discomfort and board the Blue Train, the Golden Arrow, the Engadine Express or the Rome Express (what magic names they find for their trains over there!) have become far-off distant things.

Now we are prisoners of destiny on this Island Kingdom in the North Sea, a loneliness that is almost unbroken save by brave refugees from Europe and a succession of distinguished visitors from America.

Mr. Sumner Welles was the President's confidant, Mr. Harry Hopkins his personal friend, but Mr. Wendell Willkie was something of both as well as the President's chief political opponent. Admittedly Mr. Willkie's cordial relations with the President only developed since the election of Mr. Roosevelt for a third term, but the spectacle of a defeated Republican candidate supporting his Democractic conqueror is as exhilarating as it is unusual.

We in Britain liked Mr. Willkie even before knowing him. There is something basically magnificent about his reply to a question put to him during the election by a battery of newspaper reporters:

"Are you in favor of aiding Britain in this war?"

Willkie looked them straight in the eye. "Yes," he said.

Arnold Bennett would have liked Wendell Willkie, for there is more than a touch of "The Card" about him. His backing of President Roosevelt's latest "Aid for Britain" Bill when the Republican leaders were seven politicians in search of a policy, his calm decision to fly the Atlantic and have a look at us, and his blunt championship of our cause all bespeak a forthrightness that we understand over here. A hundred years ago Mr. Willkie's ancestors fought for German democracy in the wave of Liberalism that swept Europe at that time. That is why he came to be born in the U. S. A.

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New Books . . .

Gloomy Professors

CANADA IN PEACE AND WAR. Edited by Chester Martin. Published by Oxford University Press, Toronto. Price 1.50.

This volume reproduces eight lectures given at the University of Toronto last year, in the course of which eight members of the university's staff sought to define developing national trends in Canada. The chief purpose was to isolate those trends which seem to have had their origin in, or received their chief impetus from, the Great War. In natural sequence, the authors have sought to indicate the manner in which these developments conditioned Canada for the new war, and for the world after this war.

There is a pessimistic note running through the addresses. Professor Martin thinks we are living in a fool's paradise. Prof. Creighton is afraid that the weaknesses in our national structure may become acute. Prof. Innis worries much about the dangers of "national finance capitalism" in Canada. Prof. Bladen fears that the prospects for Canadian prosperity in an era of population decline are gloomy. Prof. Underhill's cynicism wears heavier veils than usual, but his general argument is that Canada needs successive wars to retain its national unity. Prof. Glazebrook thinks that in external affairs we are a nation of opportunists and compromisers. Prof. Dawson dislikes the fact that Canada must bear the consequences of Imperial policy while having but small influence in it. Prof. Brady points out that we are in a new world, less favorable to Canada, and we don't yet realize it.

A gloomy book. Perhaps it is just honest realism.

Wool is the Hero

THE CROWTHERS OF BANKDAM. By Thomas Armstrong. Published by Collins, Toronto. Price $2.75.

The Crowthers of Bankdam is a novel of industrial England. Through its 640 pages, there march scores of people; three generations of Crowthers, the people whom the Crowthers married and the people against whom the family waged a relentless competitive struggle to gain and maintain pre-eminence in the woollen industry of Yorkshire. But the people are less real than the industry. In relating how Yorkshire gained world domination of the woollen trade, only to fall behind in the keenly competitive era after the war, Mr. Armstrong has achieved a tour de force.

The story begins in 1854 when Simeon Crowther was the master of the smallest mill in the valley. A crude but powerful character, he fought his way to industrial strength by means of all the tools of ruthless combat utilized by industry in his day. The line split, as families do, and successive generations of Crowthers included both those who inherited the founder's stubborn ruggedness and those who saw in mills and machines and workers, merely lush gold mines to exploit as they intrigued for social position, political prestige and titles. Most of the characters are a thoroughly unpleasant lot, selfish men, gossiping women and, in due course, snobbish children. Comparisons with Galsworthy and with Walpole come easily to mind. But Mr. Armstrong plays less upon the emotions, he does not always keep a single one of his characters in the forefront of the stage. There is no sense of inevitability in the development of his story, no continuing, purposeful theme. Thus he is at all times running the risk of losing the reader's interest. It is not likely, though, that many who start this book will put it down unfinished. That again is more a tribute to his presentation of the industrial theme than to his spinning of a plot or his characterizations.

It is a first novel and one that is rich in promise.

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SHOPS IN PRINCIPAL CANADIAN CITIES

No Hindrance Seen If U. S. Freezes Assets

Suggest That Canada's Exchange Control to do Job — Aid Blockade

From Our Own Correspondent

WASHINGTON. — Reports that the United States has, ready to enforce, executive orders to "freeze" assets of any foreign countries are not considered disturbing to Canadians. For one thing there is no assurance that these orders will ever be enforced.

More important is the fact that attitude of the United States Government is likely to be that Canada's existing foreign exchange control mechanism suffices in the case of this country.

This has already been the case for certain products which can only be exported from the United States by license. Steel is an example. Exporters of steel from the U. S. have to obtain a license but in the case of Canada a blanket license has been issued on the grounds that Canada's steel control machinery was already doing all that was desired by the U. S. authorities.

Word here indicates that a similar attitude would be adopted by the United States Government in the event of a general freezing of foreign assets.

Canada Approves

Officials of financial institutions in Canada view the freezing of foreign assets in the United States as one which would merely make financial intercourse between Canada and the United States more cumbersome, but would aid the British war effort.

Canada's position in respect to war purchases and assets is much the same as Great Britain's, and it is regarded as certain that Canada would come within the range of such a scheme.

With assets entirely earmarked for expenditure in the United States, Canada is expected to follow the lead of Great Britain in approving such action. In fact, the present proposal is believed to have resulted from a request of the British Government to tie up foreign assets.

While details of any plan have not been revealed, it is believed that all foreign assets would be subjected to some form of registration. When release of these assets is desired the purchaser would have to receive permission of a specially constituted committee to effect their release.

Freezing of Canadian assets would complicate commercial intercourse, but after the initial delay, it is believed that the system would function smoothly, much in the same manner as other wartime governmental controls.

Stop Blockade Leaks

Theoretically the United States would be pursuing a perfectly neutral course in freezing all foreign assets. Actually the scheme is designed to aid Britain in stopping blockade l e a k a g e s. Discriminatory powers would be vested in the committee set up to grant or refuse release of funds. The committee could grant permits only to those countries from which purchases would not find their way to the axis powers, Germany, Italy or Japan. Russian purchases would also be controlled.

Rather than opposing the plan, it is believed that Great Britain inspired this part of the Roosevelt administration's "all aid short of war" programme.

Serious leaks exist in Great Britain's continental blockade. Essential materials of war, chemicals and steel alloys particularly, have been purchased in the United States and by a circuitous route are transshipped to Germany.

The United States has no way of checking the real destination of shipments. Exports may be cleared for a non-belligerent, such as Russia, and be transshipped to Germany. The flow of materials via this route may not be important in bulk, because of the transportation difficulties encountered in shipping the breadth of Russia, but they may be extremely important to Germany.

The only practicable method of stopping these shipments is the one now envisioned by the United States: To make purchase of these wartime necessities impossible, not to attempt to regulate their destination.

In banking circles the plan of freezing foreign assets in the United States is regarded as a means to furthering American assistance to Great Britain and the Dominions. Legislation of this kind would give the Washington Government authority to freeze all foreign assets but it is believed would be applied only against enemies of Britain, which to all intents and purposes are enemies of the United States.

Wartime Importer Faces Unusual Costs, Trouble

Lot of the importer in wartime is a difficult one. He is faced with trouble in arranging new transport routes. He has to pay unusual—and very heavy—extra costs as a result of restrictions placed on where he can buy and how he can get his goods shipped to Canada.

Frequently these transportation and incidental costs may amount to more than the original cost of the goods, at least when duty and other Canadian charges are included.

Take the example of a relatively small order recently placed by an importer in Canada with a manufacturer in St. Gall, Switzerland. Net invoice price of the goods was $96.40 But by the time transportation and incidental costs and Canadian import duties had been paid, the cost of the merchandise delivered in Toronto was $226.26, more than double the amount with which the seller in Switzerland actually billed his Canadian customer.

The actual breakdown of the cost of delivering these goods, partly set out in Swiss francs (Canadian value 25.79 cents, N. Y. value 23.25 cents) illustrates how this cost was made up.

	Swiss Francs
Marking, ship. & customs formalities	5.10
Certificates of origin	7.50
Insurance—war risk & marine	19.95
Supp. ins. for demurrage at Lisbon	6.20
Stamps for certificates	2.10
Freight from St. Gall to Lisbon ...	52.90
Deliv. from Lisbon shed to steamer	35.00
Portuguese transit tax	5.60
Portuguese export license	10.00
Portuguese declaration of loading ..	9.50
Portuguese fixed tax	1.80
Ocean freight from Lisbon to N. Y. .	67.50
Wire charges St. Gall to transit point to Lisbon	2.60
Ocean bill of lading and manifest charges	12.50
Air mail postage	5.10
Petty charges	2.45
Cable	4.20
Total in Swiss francs	250.00
	U. S. $
Equivalent of above in U. S. curr.	61.43
N. Y. transfer charges	2.00
T. & E. entry (U.S.)	2.50
Special messenger to pier	1.00
Certified copy T. & E. entry	0.20
Total U. S. currency	67.13
Add: 11% exchange	7.38
	Can. $
Total of above in Canadian curr. ..	74.51
Freight (rail) New York to Toronto	2.36
Pro rata cable costs to Switzerland .	2.00
Toronto cartage	0.25
Total trans. & incidental chgs. ..	79.12
Add: Duty & other chgs. in Canada	50.74
Total duty, trans. & incidental chgs.	175.52
Add: Net invoice cost of merchand.	96.40
Total cost in Canadian dollars laid down in Toronto	226.26

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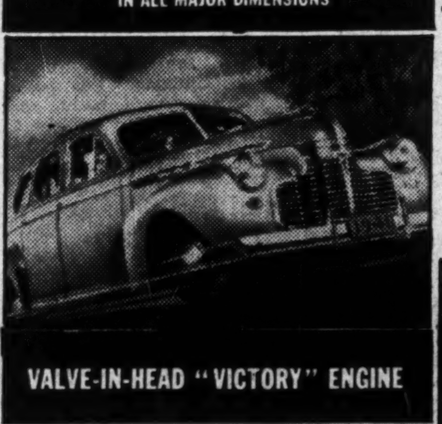

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CONCEALED SAFETY STEPS	YES	NO	NO
VACUUM-POWER SHIFT AT NO EXTRA COST	YES	NO	NO
VALVE-IN-HEAD ENGINE	YES	NO	NO
BODY BY FISHER WITH UNISTEEL TURRET TOP	YES	NO	NO
UNITIZED KNEE-ACTION	YES	NO	NO
BOX-GIRDER FRAME	YES	NO	NO
ORIGINAL FISHER NO-DRAFT VENTILATION	YES	NO	NO
TIPTOE-MATIC CLUTCH	YES	NO	NO

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SAFE-T-SPECIAL HYDRAULIC BRAKES

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Work for Victory... Lend to Win!

DE LUXE KNEE-ACTION ON ALL MODELS WITH BALANCED SPRINGING FRONT AND REAR, AND IMPROVED SHOCKPROOF STEERING

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C-241

Investment Trends

U. S. Government Acts To Strengthen Markets

Disturbed By Dormant Investment Markets, Moves to Lessen Three Major Factors Seen Holding Down Investments

Stock markets continue dormant. Price moves have not been important following the fairly severe declines seen earlier this year. Volume of trading is very light, indicating to many observers a lack of inclination to buy rather than an urge to sell. Major indices in both Canada and the United States hover within easy striking distance of last June's lows.

That this situation is disturbing "important elements" in the administration at Washington is the contention of a recent Whaley-Eaton letter. These "important elements" see three factors accounting for prevailing conditions: taxation; liquidation of British securities; and the war.

For the first, quick action is sought for a bill to eliminate certain inequalities in the existing U. S. excess profit tax. The last item—the war—is harder to deal with but perhaps quick passage of the Lease-Lend Bill will help.

Important New Plan

Whaley-Eaton says there is a "highly important" development regarding British-owned fixed assets in the United States, a development that might have large influences in Canada. There is now under consideration a plan for the U. S. Government to make a direct advance to Britain, using these fixed assets as collateral. The plan contemplates use of the Lease-Lend authority to make a direct credit from the U. S. treasury.

Such a plan would have immediate importance for investors, particularly in the influence it might have on psychology as it removed the potential threat of British selling every time prices start to move up. It would also mean an opportunity for the British to recover these assets after the war. Inability to repay loans secured by such mortgaged assets would leave the U. S. Government direct owners of large and important businesses. It places another possibility before those thinking in terms of post-war changes in the economic set-up.

* * *

Where Does Canada Stand?

For Canadians such a scheme might have two important phases. In the first place, adoption for Britain would probably mean that it would be made available for Canada. The U. S. Department of Commerce estimates Canada's direct investment in that country—that is investment excluding stocks and bonds—at $463 millions out of a total of $1,180 millions listed as Canada's long-term holdings in the U. S. in 1937.

It is hard to see where Canada's resources would permit adoption of such a scheme between this country and Great Britain in addition to repatriation commitments already made.

Of more immediate interest to investors in Canada should be the aid that removal of one more obstacle should have on greater strength in stock prices.

Dominant Vitality

Those with a realistic knowledge of financial history should not be deluded that stock markets, even in the recent months when trading has been slow and price changes small, are failing to appraise coming events, state A. E. Ames & Co. in a recent study. "The low volume of trading and the narrow price changes of stocks should not be mistaken as a sign of market decay; they are only the transient indications of dominant vitality which will be roused when the winter stalemate is broken."

Examining the various market factors, A. E. Ames & Co. concludes that "ability to resist possible unpleasant surprises seem much stronger than a year ago." Technical position of the market and high dividend yields are the principal reason given for this conclusion. A survey of the situation in the market, however, is encouraging, not in the sense that it promises pronounced capital appreciation and higher dividends, but rather in the evidence of latent buying support that will probably be available on any sharp downturn.

Seek Higher Yields

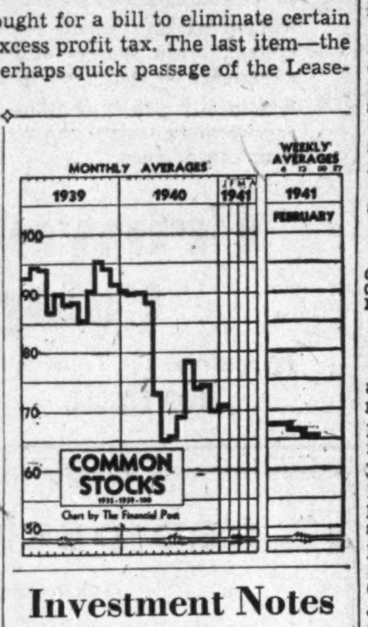
Buyers of stocks have been asking higher yields in Canada than formerly. Ames & Co. has studied dividend yields from a selected group of Canadian common stocks, finding that these yields have been unable at any time to pierce the 5% level since the German invasion of Holland and Belgium in spite of new low interest returns reached by Dominion bonds. Unwillingness of the stock market to advance in the face of good news suggests that the resistance to any bad news, such as might come from the fortunes of war, should be far more formidable than last year. Ames & Co. summarize the position of the stock market as follows:

1. Yields from stocks at present prices are higher than for many years, and these yields have risen substantially in comparison with those obtainable from high-grade bonds.

2. The restraint in buying, which has characterized the winter months, has built up a reserve of purchasing power to take advantage of any marked price recessions which might occur.

3. These two factors give no guarantees that unfavorable developments would not precipitate a further decline.

4. Such a decline, if it should occur, should justify a close examination of the investment merits and profit possibilities of common stock purchases.



Investment Notes

Cockshutt Plow—Earnings of the company in 1940 were sufficient to pay dividends, stated C. Gordon Cockshutt, president, at the recent annual meeting, but the bank debt and heavy income taxes have convinced the directors that any action in the matter of dividends would be unwise until the outlook is clearer. Prospects for exports are not bright, he added; while connections in England and South Africa are active, prospects in other markets are obscure.

Canada Bread—The company announced last week that it had boosted the B_1 vitamin content in its front-line loaf "C.B." to 600 international units. This is to provide throughout its Canadian chain a pure white loaf which will have as much "energy" and health qualities as whole wheat bread.

Most of this enrichment is being done by use of a high vitamin test yeast. This yeast has been manufactured in Canada now for several weeks.

When the yeast companies got their "second" order it was of such huge proportions that a special shipment had to be rushed by airplane up from the U. S. factory to meet the Canada Bread request.

* * *

Canadian General Investments—Portfolio held by this investment trust at the end of 1940 shows cash at 1.2% of the total, higher than in any recent year. Bonds have been steadily declining, being only 7.3% of the total at the year end. Preference shares at 46.2% were higher and common shares at 42.4% somewhat lower. Of the total 94.5% is in Canadian securities. How the portfolio has been divided between various classifications over the past four years follows:

Classification of Portfolio

	1940 %	1939 %	1938 %	1937 %
Cash	1.2	0.2	0.5	0.1
Can. govt. & munic. bds. including guar.	2.0	2.9	0.5	0.5
Can. bks. & tr. cos.	1.2	1.6	3.3	4.0
Bldg. & constr.	1.6	4.1	3.7	2.1
Fincl. & invest. cos.	8.0	7.1	7.5	5.2
Food, dairy prod. & meat packing	7.4	7.7	6.5	6.8
Gold mining	8.0	8.5	8.5	7.7
Household products & supplies	0.1	0.2	0.4	0.4
Insurance cos.	1.0	0.9	0.5	1.0
Manufacturing	28.2	24.1	21.0	21.7
Merchandising and chain stores	7.7	7.3	5.6	6.3
Milling and grain elevators	0.4	0.7	0.4	0.5
Mining and smelting (excl. gold)	6.3	7.5	10.5	10.5
Miscellaneous	4.1	3.9	3.7	3.5
Oils	3.3	3.1	6.4	6.9
Pulp and paper	10.0	10.1	9.5	9.6
Rlys. & steamships	0.1	0.1	0.3	0.3
Real estate	1.0	1.6	2.1	2.4
Utilities	7.5	8.1	9.1	10.5
	100.0	100.0	100.0	100.0

Can. Foreign Investment Reduces Capital Stock

From Our Own Correspondent

MONTREAL. — Shareholders of Canadian Foreign Investment Corp. at a special meeting, confirmed the by-law change recently adopted by directors reducing capital by cancellation of 12,034 shares of the 8% cumulative preferred stock, which has been purchased or redeemed by call.

H. H. Vaughan, president, declared that business was proceeding satisfactorily.

Goodyear Adds Rubber Stocks

Company Assuring Adequate Supplies — War Effort Important

A feature of the 1940 annual report of Goodyear Tire & Rubber Co. of Canada is a reduction of approximately $2.3 millions in total amount of cash and government bonds held. This money has been invested in inventories which show an increase of $2.4 millions compared with the end of the preceding year.

A. G. Partridge, president, states that "a substantial portion of this increase in inventories is represented by an increase in the stock of raw rubber on hand. Inasmuch as all of your company's supply of this raw material has to be imported from the Far East, it was considered a wise policy to build up our stocks.

"In addition to building up its own inventory, your company has co-operated with the Canadian Government and the rubber industry in securing and storing a substantial quantity of raw rubber, so as to ensure a continuity of rubber articles for war requirements."

This is illustrated by the following summary:

Balance Sheet Changes

	1940 $	1939 $
Cash	809,854	1,445,179
Govt. bonds	196,012	1,878,103
Inventories:		
Finished goods	2,715,251	1,971,235
Goods in process	531,282	378,726
Raw mat. & supp.	3,970,859	2,466,245

Movement of prices for raw rubber and cotton, the company's chief raw materials, shows that the spot market price of No. 1 ribbed smoked sheets in New York fluctuated during the year 1940 between a low of 18¼c. per pound on Feb. 27 and a high of 24½c. per pound on May 10. The closing spot price on Dec. 31, 1940, was 20¾c. per pound. The market price of ⅞ middling uplands on the New York Cotton Exchange reached a high on Jan. 2, 1940, of 11.54c. per pound, while the low price for the year was 9.48c. on Oct. 14. The closing market price on Dec. 31, 1940, was 10.43c.

Goodyear spent $661,180 net in addition to its plant and equipment in 1940. Major projects involved were a new power plant at New Toronto and additional equipment at New Toronto, Bowmanville and St. Hyacinthe.

War Effort Large

Regarding the company's participation in the war effort, Mr. Partridge says:

"At the outbreak of war the company advised the Federal Government that it was prepared to assist in the production of war requirements to the fullest possible extent and, during the past year, a large portion of your company's production facilities has been devoted to the manufacture of rubber products, chiefly tires, for both the Canadian and British Governments, on a basis only slightly in excess of the cost of production."

Further details of the annual report are to be found elsewhere in The Financial Post.

Union Gas Earnings Higher for 9 Months

Heavier demand for gas for industrial and domestic use boosted net earnings of Union Gas Co. of Canada for the nine months ended Dec. 1, 1940, to $743,428 as compared with $550,738 for the corresponding period of 1939. For the past two 12 months' periods ended Dec. 31, profits on a comparable basis were $1,583,548 in 1940 and $1,227,292 in 1939. All figures are taken before taxes, which the company is not yet in a position to estimate.

Gross revenue from domestic sales showed the effect of higher house-heating demands and a larger number of active meters. Demand from industrial companies engaged on war contracts has been considerably greater during the current fiscal year.

Asbestos Corp. Pays Bonus on Common

From Our Own Correspondent

MONTREAL.—Directors of Asbestos Corp. Ltd. have declared the usual quarterly dividend of 15 cents, and bonus of 15 cents, payable March 31 to shareholders of record March 15. Similar disbursements were made in respect to each of the four quarters last year.

Utility Stocks Give Big Yield

From Our Own Correspondent

MONTREAL.—Prime Canadian utility stocks can now be bought to yield a substantially higher return than at any time in the past several years. Montreal Power has reached the low selling point of 25¼ where the stock gives a yield of close to 6%. Shawinigan's stock returns 5½%; Quebec Power, 8.3%; Southern Canada Power, 7.6%; B. C. Power A, 8.7%; Gatineau Power, 10.3%. Canada Northern's stock, on the basis of 25 cents quarterly yields a return of 10.3%.

C.N.R. Equipment Contracts Placed

From Our Own Correspondent

MONTREAL. — Contracts have been placed by Canadian National Railways for new equipment required to handle increased traffic due to war conditions.

The company's Transcona shop shop at Winnipeg will construct 100 40-ton refrigerator cars.

National Steel Car Corp. of Hamilton will build 150 50-ton ballast cars and 125 80-ton ore cars.

Eastern Car Co., New Glasgow, N.S., will manufacture 250 70-ton hopper cars.

Canadian Car & Foundry Co., Montreal, will build 200 50-ton flat cars.

New Auto Plans Upset By Order

New Production Operations Limited to Volume of Import Quota

Plans of several auto importing companies to launch production in Canada have been hobbled by new Government regulations, which ease the outright ban on imports of passenger cars from the U. S. but virtually prohibit any fresh producing operations.

Prior to announcement of the revised regulations, Hudson Motors of Canada Ltd. had already started production at its Tilbury plant to get around the import ban and serve its domestic market. The Studebaker Corp. of Canada had made extensive preparations to resume Canadian production at its Walkerville plant, subject to Government decision on auto imports. Both plants have been used in former years to turn out Canadian-produced cars.

Import Quota

Now the Government has decided not to bar auto imports completely, but to allow their resumption on a quarterly quota basis. At the same time, firms not producing here before Dec. 2 last may not manufacture in Canada any more cars than they could otherwise bring in under the import quota. As the quota for the first three months of this year is set at 20% of the average imports in same period in the past three years, new production in Canada on this basis would be so costly and uneconomic as to be out of the question.

Indeed the declared purpose of the new regulations is to head off plans for additional manufacturing operations, which are seen as fresh drains on Canada's resources of machine tools and skilled labor. The announcement by Finance Minister Ilsley says the Government intends to restrict civilian buying of autos and reserve production facilities for war purposes. At the same time it is recognized that the complete ban on imports threatened to impose severe hardships on the importers and their staffs.

Import quotas for future periods and general regulations governing imports, will be made by the new Motor Vehicle Controller in collaboration with the Department of National Revenue. While it is possible the quotas for later quarters may be more generous than the current one, importers have no intimation as to what the policy will be.

Production Hobbled

In the meantime, Studebaker has abandoned its plans to manufacture in Canada and will concentrate its efforts on making the most of the leeway allowed under the import quota. The company will maintain its facilities for sales, service and parts supply, The Post is informed, and will continue to meet Canadian demand for cars in conformity with the Government ruling on imports.

For a time Hudson officials withheld final decision as to whether to continue the already launched production operations. Study was made of the situation in the light of the new regulations, especially of Hudson's status under the provision regarding manufacture here.

Hudson continued to produce cars at Tilbury until 1938-39. The new policy limits production by firms "not producing in Canada prior to Dec. 2, 1940." It was not at first clarified whether this meant "immediately prior" or "at any time prior" to the specified date, though the former interpretation appeared by inference to reflect the Government's general policy.

Biltmore Hats Ltd. Names President

At the recent annual meeting of Biltmore Hats Ltd., John A. Fraser, Toronto, was appointed president of the company succeeding the late F. R. Ramsey. Mr. Fraser is vice-president and a director of Dominion Securities Corp. and a director of the Dominion Fire Insurance Co. Active management of the company will remain with W. J. Tiller, vice-president and now general manager, and with W. R. Franke, who continues as secretary-treasurer.

A new member of the board, R. P. Ramsey, will act as assistant secretary. The board of directors consists of the above officers and A. G. A. Spence, Toronto, vice-president of Mills, Spence & Co., and of the Great West Saddlery Co.

Economic Investment Pays on Common

Economic Investment Trust Ltd. had declared a dividend of $1.37½ a share on its common stock, payable April 1, 1941, to shareholders on record March 20, This brings total payment for the 1940-41 fiscal year to $2 a share as against $1.75 a share paid for the previous year.

Present net asset value of the company's portfolio is equivalent to approximately $35 a share on the common, according to Cochran, Murray & Co. This would compare with $44.57 a share at March 31, 1940, and $33.12 a share at March 31, 1939.

NEW DIRECTOR MONT. POWER

From Our Own Correspondent

MONTREAL.—J. Edouard Labelle, K.C., has been elected a director of Montreal Island Power Co.

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.7
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941:												
Monthly Figures:												
Jan.	77.6	74.1	72.3	51.6	110.6	96.8	104.3	84.0	75.4	94.7	77.3	71.3
Weekly Figures:												
Feb. 6	74.1	66.6	71.1	49.0	106.5	93.3	98.3	78.9	70.8	91.8	73.1	68.0
Feb. 13	73.5	65.3	69.2	49.2	105.6	91.9	98.1	78.2	69.8	92.3	72.2	67.1
Feb. 20	72.3	63.0	68.6	48.2	104.2	87.3	94.7	76.5	67.8	90.7	70.5	65.5
Mo. ago	77.5	73.8	71.2	50.9	110.4	95.2	102.9	83.5	74.5	94.5	76.6	71.0
Yr. ago	103.8	114.0	117.6	78.8	134.0	114.0	106.6	104.9	90.6	103.0	89.5	89.9

*High and low for year from 1929 to 1940 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Feb. 25	90.48	98.88	62.71	18.99
Feb. 24	90.30	98.62	62.46	18.99
Feb. 22	90.63	98.48	62.50	18.95
Feb. 21	90.60	98.84	62.78	19.07
Feb. 20	90.82	98.87	62.64	19.14
Feb. 19	90.23	97.86	62.50	19.06
Month ago	99.40	107.15	67.30	20.91
Year ago	120.83	94.35	83.50	29.44
High 1941	99.02	107.15	69.53	21.62
Low 1941	90.23	96.48	62.46	18.95

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Feb. 25	49.3	55.4	53.4	61.55	76.40
Feb. 24	49.1	55.1	53.1	61.02	75.95
Feb. 22	49.1	55.5	53.4	61.78	76.04
Feb. 21	49.2	55.8	53.6	61.61	76.24
Feb. 20	49.0	55.9	53.6	62.12	76.42
Feb. 19	48.6	56.0	53.5	62.41	76.56
Month ago	53.0	63.6	60.0	75.51	78.92
Year ago	66.1	85.7	79.2	129.61	90.75
High 1941	54.3	66.4	62.3	82.25	79.99
Low 1941	48.6	55.1	53.1	61.02	75.95

Mont. Power Plans Outlay

Capital Expenditures This Year Will Run Around $7 Millions

From Our Own Correspondent

MONTREAL.—Expenditures of $7 millions on capital account are contemplated by Montreal Light, Heat & Power Cons. during the current year, according to a statement made at the annual meeting of shareholders by John S. Norris, president of the company. He added this would obviously be a serious strain on the company's working capital position.

The past year had been one of the most strenuous in the company's history, said Mr. Norris, due to the sharp increase in power requirements from industries working on war contracts. Wartime conditions have created new operating difficulties and added taxes and other expense burdens.

Save Million a Year

Mr. Norris revealed that since 1932 the company, through refunding operations, had achieved a saving of $1 million a year in fixed charges and pointed out that, as part of the company's contribution to the war effort, nearly 25 cents of every dollar gross revenue received now goes out to the tax collection.

The election to the board of directors of Morris W. Wilson, president of the Royal Bank of Canada, and Alfred H. Paradis, Montreal, took place at the meeting. The new directors fill vacancies created by the death of Senator J. M. Wilson and the resignation of J. E. Aldred. Other directors were re-elected, while the list of officers remains unchanged for the coming year.

T. C. A. Subsidy Is Extended

Mail Bonus Continued For Year as Service Broadened

From Our Own Correspondent

MONTREAL.—Existing agreement between the Trans-Canada Air Lines and the Dominion Government will be continued for another year because of the extensive expansion in T.C.A. services planned to go into effect around April 1.

The present arrangement whereby the Post Office pays Trans-Canada a flat rate of 60 cents a mile to carry all its air mail, regardless of how much, will continue until April 1, 1942.

When the service started, this rate was fixed with the understanding that if Trans-Canada lost on a year's operation, Parliament should make up the deficit. The idea was that it was impossible to know how much T.C.A. should be paid for carrying mails until it had been carried out for two years.

Last year Trans-Canada Air Lines had a surplus of $500,000 because of heavy passenger traffic, which normally would mean the rate charged the Post Office Department would have been decreased. Because of the wider service planned for April 1 and because of the uncertain financial future, it has been decided that the trial arrangement will be continued.

T.C.A. plans increased services between Windsor-Toronto-Montreal-Moncton and the Toronto-New York service. At the same time the T.C.A. will discontinue its Vancouver-Seattle service. The latter line is being abandoned because it is felt the aircraft and crew could be more advantageously employed in a third transcontinental service which the line is inaugurating this spring. The United States Air Line will continue to operate between Vancouver and Seattle.

Dosco Iron Mines Curtail Output

Three-day Week Adopted As Stocks Pile Up — Export Trade Off

From Our Own Correspondent

MONTREAL.—Operations of Dominion Steel & Coal Co.'s Wabana iron ore mines at Bell Island, Newfoundland, will be curtailed, it is announced. The new operating schedule calls for three-day-per-week operations. All four mines and departments will remain working to distribute employment as equitably as possible.

The reduction in operation is caused by the substantial volume of ore that has been mined in recent months, for which there is now no outlet. Since the outbreak of war, Germany, which was once a large customer for this iron ore, has been eliminated. The North Sydney smelter of Dosco has been the principal outlet for ore since that time.

Surplus Stocks Pile Up

At the end of January there were 500,000 tons of iron ore in surface stockpiles. With present prospects for disposing of this ore, the company deemed it advisable to curtail operations.

Capacity of the Bell Island Mines is about 2 million tons annually, of which North Sydney is taking about 820,000 tons annually at present. This latter figure represents an increase of about 20% over last year.

Public Utility Earnings

Southern Canada Power
January

	1941 $	1940 $
Gross income	241,569	219,776
Less: Oper. expenses	62,609	69,097
Taxes	62,196	40,903
Net earnings	116,764	109,776
Int., depr. & divds	112,300	111,529
Surplus	4,464	*1,753
Four Months Ended January		
Gross income	983,369	882,689
Less: Oper. expenses	283,340	271,971
Taxes	234,593	128,445
Net earnings	465,436	483,273
Int., depr. & divds.	450,894	446,541
Surplus	14,542	35,732

*Deficit.

British Columbia Power

January:	1941	1940
Gross earnings	$1,586,238	$1,422,176
Less: Expenses	1,131,174	972,473
Int. and pref. divds.	187,666	188,666
Bal. for A stock	267,398	261,037

Housing Shortage Threatens Crisis

(Continued from page 1)

ents and the increase in population will be approximately 10,000. How can a community grow from 3,000 to 13,000 without new home building? Will this plant, in fact, ever get into production until homes for the workers are available?

Population less than 400 people. Plant now nearing completion will employ 2,500 persons. Add dependents and you get 7,500 trying to live in a village capable of housing, say, 500 at most. Is that possible?

Population 3,000. Plant going up requiring 600 employees, or an increase in population of 1,800.

All over this country, but more particularly in the industrial areas and in the districts where troop concentrations are most dense, this story can be repeated.

What Is Ottawa Doing?

What is Ottawa doing to widen and banish this bottleneck?

Enquiries are met with an impenetrable silence. Up to mid-January there were occasional statements indicating activity.

Thus on Jan. 13 an item came out of Ottawa which read:

"The housing problem for workers in war industries already has been tackled by the Government through the Department of Munitions and Supply. The Government is financing the erection of 70 dwelling units in a St. Lawrence River town where there is a large war industry. These 70 units include a number of double houses and there will be 100 homes in all."

The cost of this venture, the item declares, is around $400,000 or $4,000 per home. And another 50 houses are being erected, the report proceeds, in an Ontario town.

Prefabricated Houses

The Government, it was then reported, was studying the idea of prefabricated houses, but it was believed this idea would not become important until the post-war period. At that time a survey was said to be under way and when completed the Department of Munitions and Supply would decide what must be done.

About the same time a report from Ottawa indicated that a new housing commission was to be formed. This item conceded the need to be urgent and indicated that Munitions and Supply had the situation firmly in hand. Indeed detail was given, for example, that a critical shortage of houses existed in Hamilton and that the city had offered the Dominion vacant land at a nominal charge for $1 per year.

There were scores of earlier reports all apparently based on information coming from one or other of the war departments and all indicating early action.

But so far as the record goes the Government has authorized the construction of not more than 250 homes to shelter war workers. These are divided in three separate plans. There are two groups of 100 houses and one group of 50 houses. 7 on 8 from here

Having regard to the known and demonstrated shortage of housing in Canada with vacancies, as stated, running below 1%, the facts seem to be:

That a substantial part of 200,000 war workers will require to be housed in 1941;

That the government is providing 250 homes.

Even if you packed them in sardine fashion, the new construction so far authorized, could not take more than 20 per home (it is much more likely to be four or five). Thus housing is being provided for at most 5,000 people against the need of scores of thousands.

In the face of Ottawa's failure to see this emergency, all manner of emergency measures are being considered by industrialists who will be confronted by an acute shortage of houses when new war plants are ready for production.

Might Use Summer Cottages ..

Where summer resorts are close at hand—a condition which prevails in several localities—it is thought that cottages can be taken over for the workers. The average summer cottage could be insulated and made fit for year-round habitation for about $100. Some compulsion, of course, might be necessary to obtain control of the cottages: the owners would have to forego their usual summer holidays. Another expedient would be to adapt whatever buildings are available for use as residences—empty warehouses, factories, barns, outbuildings. In a few areas small ships are tied up, particularly in the winter months. These ships, it is thought, could be made habitable and in the summer months the workers might well live in tents.

Any number of ideas occur to mind and many of them will have to be tested, pending the building of homes for these essential workers.

War Worker Hardship

It is becoming increasingly evident that this war is going to be unique in more than one particular. Hitherto in war, the man on active service has borne most of the hardship and taken most of the risks. In this war, as it now stands, the army personnel is well housed and well fed. The war worker is the person to whose comfort little thought has been given. The average military camp will be a palace compared with the quarters of large numbers of our war workers. In the past, industrial war housing has never been regarded as necessary which, perhaps, is the chief reason why nothing worth while has been done by Ottawa. The government, it is true, has intervened to prevent rent profiteering. This has been done by the Wartime Prices and Trade Board. But in the emergency now arising, rent control cannot solve the problem.

Private Capital's Position

Another explanation of the lack of initiative at Ottawa is that housing for industry hitherto has been regarded as a matter for private capital, particularly in boom times. Why, it may be asked, should the government have to find money for housing at a time of unprecedented prosperity?

It is pointed out, in answer, that the prosperity is due to the war; that there is no permanence in the great expansion of war industry. Private capital cannot very well accept the hazards involved in housing construction of a purely temporary character. Nor can the workers be expected to find the money for homes in which they may only live for a brief period.

Is Up to Ottawa

The situation obviously calls for action by Ottawa. Most of the homes now required will have to be torn down after the war. The responsibility really falls on the Munitions and Supply Department. This department is the purchasing agent for war departments. It knows where the new factories are being built, the number of workers who will be required. Moreover, it knows well in advance where large bodies of troops will be concentrated — a sure precondition to housing shortage. Munitions and Supply, in fact, did much of the building for troop concentrations last summer. Still further, Munitions and Supply is the one department which is able intelligently to plan large housing activities, being aware of the raw material situation.

Need Careful Planning

There seems to be no escape from the fact that the kind of housing plan required will put a heavy strain on existing supplies of materials. This is particularly true because the need for housing has not been foreseen.

But whichever department of government is responsible for housing, the need for careful planning is obvious. Numerous factors will have to be considered—climate, permanence, types of houses, cost and so on. The advisability of using prefabricated buildings will have to be considered. The advantage here is that these buildings could be taken down after the war, perhaps stored against future need.

And if the government steps into this picture in a large way—retaining ownership of the homes—a tangle of administrative problems will be encountered. Rents will have to be fixed; upkeep, janitor service, be provided; local taxation dealt with. If the dormitory type of camp buildings are built, dining halls would be necessary and possibly Ottawa would have to supply food at cost.

To Run Into Millions

The range and complexity of the problems involved in housing, say, 50,000 civilian workers are very great. And he would be a brave man who, if the war goes on, would place the total so low.

Ottawa's haphazard forays into this sphere of policy have been very disappointing. A contrast with housing in the United States indicates that the cost of these ventures in the Quebec-St. Lawrence area have been unduly high. Plainly, if the broad problem is to be attacked on this scale, the war budget will be profoundly affected. It will be affected anyway, but the degree is of the utmost importance.

One small group of homes built in the St. Lawrence valley to house war workers cost $4,000 per unit plus the cost of the land. Another cost $5,000 per unit. These homes were built for the government by private companies. Unless this cost unit can be materially reduced the consequences on the budget would be very serious. To house 50,000 workers at this rate might well run into hundreds of millions of dollars.

U.S. Example

At Washington $250 millions has been earmarked for war housing and a unit price of $3,500 has been established. This will provide a home with a living room, a combination dining room and kitchenette (with refrigeration), two bedrooms and a bathroom. Mass buying of materials for the 1941 programme already has begun. Unit materials are being bought in quantities running as high as 25,000, thus giving the lowest possible prices.

If Ottawa is to face this problem with real hope of success, immediate action is essential. Some kind of national authority will have to be created—presumably in Munitions and Supply, but including representatives from other departments with special knowledge of housing conditions and experience in construction and finance. Such a national authority will require a nation-wide organization both for purposes of research and administration. Speed, however, is of the essence of success and so far Ottawa has given no sign even of being aware that the problem exists.

Market Opinions

Faith in the eventual ability of mounting business returns to influence stock market trends continues in the face of admitted dangers.

Barron's, N.Y. (The Trader)—When and where stocks will turn upward it is impossible to guess so long as sentiment is the dominant market force and rationalization concerning the future by past standards is nullified. Obviously, however, nothing is "hanging over the market" save the war, and to the hundred and one possibilities in Europe and Asia the market has been steeling itself for some three months. To an actual war economy England has long since adjusted herself, and conceivably a more volatile but more flexible America can do the same.

* * * *

Barron's, N.Y. (The Dow Theorist)—The minor trend of the Dow-Jones averages of industrial and railroad stocks turned upward last week, after testing lows of February 14 with small declines on Monday and Tuesday. No change, however, occurred in secondary or major indications, both of these trends still being down under the Dow theory principle that a trend is looked upon as continuing until its reversal has been signaled. It would take a rise in both averages above the November high to signal a bull market, but if they should decline below the May-June bottoms of 111.84 and 22.14, the bear market trend would be reaffirmed.

* * *

Magazine of Wall Street, New York—Despite threat of further market declines, we believe many securities have now reached a level justifying partial employment of available cash on a scale-down programme.

Specifically we recommend that one third of available investment buying power be now employed and that at least two thirds of dollar total of such purchases should centre in preferred stocks and bonds. This programme is promised on the belief that the favorable buying level is around 118 for the Dow-Jones industrial share average but that if the market has rallied above 118 all purchases should be deferred in expectation of a further reaction test.

* * * *

Journal of Commerce, N.Y.—Enactment of the lease-lend bill, expected within the next week or so, will open the way for action on new tax legislation. The Revenue Act to be enacted this spring will affect materially the level of corporate earnings, and consequently of stock prices. Its influence will be more patent should it appear that the war will go on without this country becoming involved, and pressure on the part of investors for liquidity, in anticipation of that development, should relax.

Foreign Exchange

During the week Feb. 18 to Feb. 24 there was no change in the quotation to the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Feb. 24

Australia	3.58	N. Zealand	3.61
India	.3372	S. Africa	4.47
Japan	.2608	Hong Kong	.2734

Township of Scarborough

Notice of Intention to Redeem Certain Debentures

To the Holders of Debentures of the Township of Scarborough dated the 1st day of January, 1940, and maturing in the years 1946 to 1948, both inclusive.

NOTICE IS HEREBY GIVEN that the Township of Scarborough intends to and will on the 15th day of June, 1941, redeem its debentures dated the 1st day of January, 1940, which mature in the years 1946 to 1948, both inclusive, as hereinafter set forth by payment to the holders thereof of One Hundred per centum of the face value of the said debentures to be so redeemed and accrued interest thereon to the 15th day of June, 1941, after which date interest will cease to accrue and such debentures shall become due and be payable on such date. Payment will be made at the principal office of the Canadian Bank of Commerce in the City of Toronto upon surrender of the debentures redeemed together with all unpaid coupons thereon. The said debentures to be redeemed are $113,718.23 in aggregate principal amount and are a portion of a larger principal amount of debentures dated the 1st day of January, 1940, which were issued pursuant to By-law Number 3006, passed the 12th day of February, 1940, as provided for by a plan of refunding, readjustment and reorganization of certain debentures of the said Township dated 1st day of December, 1939, and confirmed by Order of the Ontario Municipal Board dated the 22nd day of December, 1939. The said debentures to be so redeemed are as follows:

Debenture Numbers

605-27	1070-17 C	1122-16 A	1655-69	1735-55
842-24	1070-17 D	1124-16	1655-70	1735-56
846-24	1070-17 E	1124-16 A	1674-7	1735-57
847-24	1070-17 F	1124-16 B	1694-7	1735-58
891-22	1070-17 G	1124-16 C	1694-8	1735-59
900-22	1070-17 H	1124-16 D	1695-8	1735-60
961-20	1070-17 I	1124-6 E	1707-7	1735-61
963-20	1070-17 J	1137-16	1724-7	1735-62
986-32	1070-17 K	1171-15	1725-31	1735-63
986-33	1070-17 L	1654-42	1725-32	1735-64
986-34	1070-17 M	1654-43	1725-33	1735-65
990-19	1070-17 N	1654-44	1725-34	1765-9
1003-18	1070-17 O	1654-45	1725-35	1765-10
1007-18	1071-17	1654-46	1725-36	1766-11
1025-18	1091-16	1654-47	1727-19	1766-12
1045-17	1094-16 A	1654-48	1727-20	1776-6
1049-17 A	1094-16 B	1655-61	1727-21	1777-20
1049-17 B	1094-16 C	1655-62	1727-22	1777-21
1049-17 C	1094-16 D	1655-63	1731-24	1777-22
1049-17 D	1094-16 E	1655-64	1731-25	1777-23
1067-17	1094-16 F	1655-65	1731-26	1782-24
1068-17	1109-16	1655-66	1731-27	1782-25
1070-17 A	1109-16 A	1655-67	1732-7	1782-26
1070-17 B	1122-16	1655-68	1733-10	1782-27
			1733-11	1782-28

Dated at the Township of Scarborough this 12th day of February, 1941.

B. L. CLUTTERBUCK, Reeve.
J. O. KESSACK, Treasurer.
J. T. STEWART, Clerk.

Bond Markets

Public Leads Banks In War Financing

Canada Provides Net $661 Millions of Which $254 Millions Came From Banks Leaving $407 Millions for the Public

Figures on Canada's borrowings since the outbreak of war appear to indicate that up to the end of 1940, the greater part of Canada's war borrowings has been met outside the banking system. After making allowances for bond redemptions and the issue made to take over the gold and foreign exchange holdings of the Bank of Canada, the net amount which had to be found by the Dominion amounted to $661 millions.

Although the holdings of government securities by the Bank of Canada and the chartered banks rose some $254 millions according to the figures recently tabled by Finance Minister Ilsley (after deducting the increase attributable to the change in the gold and foreign exchange holdings) other investors apparently absorbed the greater amount of $407 millions. The figures are as follows:

Borrowings From Canadian Sources
Sept. 1, 1939 to Dec. 31, 1940
(millions)

	$
Total borrowings	1,256
Less: Redemptions	576
Issued to Bank of Canada for gold, etc.	250
Add: Repatriated issues	231
Borrowed from Canadian sources	661
Increased holdings of govt. securities by banking system	254
Borrowed from "public"	407

The division of $254 millions from the banking system against $407 millions from the "public" would be seriously upset by the inclusion of the $250 millions sold to the chartered banks at the beginning of 1941. Against this it should be noted that since the outbreak of war a total of $380 millions was sold to the banking system, exclusive of the Foreign Exchange Control issue, by the end of 1940, of which all but $254 millions has since found its way out of the portfolios of the banks. Moreover, the $254 millions figure lumps provincial with Dominion securities.

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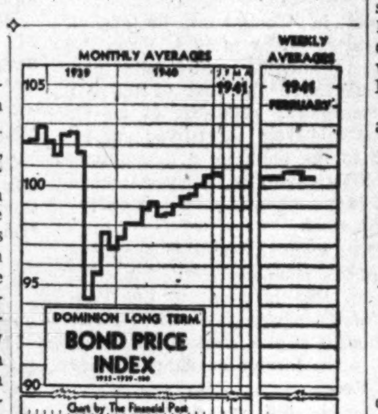
U. S. Confidence

Further support of Canadian securities continues to come from U. S. investment letters. The Feb. 15 letter of Ballou, Adams & Co., Boston, has this to say:

Canada has never defaulted on a bond held in this country. One of its provinces and one of its large cities are now technically in default, but in both cases the reasons are found in poor administrative talents, not in fundamental economic disturbances. Only twice since 1914 has the Canadian dollar dropped substantially in terms of our own currency (1919-1922 following the War, and 1931-1933 following British abandonment of the gold standard). From a debtor nation in 1914, Canada has moved steadily toward the position of a creditor nation. And the volume of trade between our country and Canada is the largest prevailing between any two nations on earth.



There are many tangible evidences that Canada will be able to continue to meet her obligations in this country. For instance:

1. Canada is expanding production of raw materials and manufactured products to the utmost, to reduce her dependence for supplies on the United States. At the same time she has restricted her imports to what is absolutely necessary.

2. England is reported to have shipped over $200 millions in gold to Canada in partial settlement for merchandise received.

3. Canada's gold production is more than sufficient to pay all interest and maturity installments due in this country for the next several years.

4. The United States Government has already sent gold to relieve monetary difficulties caused by Argentina's shortage of gold and surplus of unspendable British pounds, and presumably would be even more willing to help Canada.

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Municipal Muddle

Holders of defaulted bonds of Riverside and Sandwich East, Ont., are placed in a puzzling position by the terms of the temporary plans which have gone into effect for the two municipalities. Under these five-year plans the municipalities will make nominal interest payments for the period, 1% in the case of Riverside, ¾ of 1% for Sandwich East.

In the first year of the plans' operation this will absorb about two thirds of the amounts budgeted for debt service. The balance of roughly $16,000 for Riverside and $8,000 for Sandwich East will be used to purchase bonds for redemption on the open market. The more bonds the municipalities purchase, the better will be the status of the remaining bonds, and the greater the chance of reaching a sound financial position at the end of five years.

If a debenture holder sells at current prices, he helps the municipality, but loses his chance to share in the improvement. If he doesn't sell, there is the possibility that there will be no improvement to share in.

• • •

Price Too Low?

Apparently the current prices of a little below 30 for Riverside and a little under 20 for Sandwich East are not sufficient to attract selling. Riverside town council is complaining that a price of 28 is excessive and threatens to withhold its buying until prices on the open market are more favorable. It was stated that the municipality could withhold its buying for the full five-year period, although in this case interest charges would stay at the level of the first year for the full period.

There may be room for doubting that current prices on these debentures are excessive. The annual return on Riverside is over 3 1/3% and on Sandwich East debentures, over 3¾%, not exceptionally low yields for securities with possibilities of capital appreciation.

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Bond Index

The D.B.S. index of long-term bond prices, based on the years 1935 to 1939, declined last week to 100.8 from 100.9 the week before. Average for the week ended Feb. 20, 1941, was 2.9 points above the level of a year earlier when the index stood at 97.9.

DOMINION OF CANADA
Long Term Bond Index

	Weekly average Feb. 14-20	Preceding week Feb. 7-13	Weekly average year ago
Price	100.8	100.9	97.9
Yield	96.3	95.9	102.4

Classified Advertisements

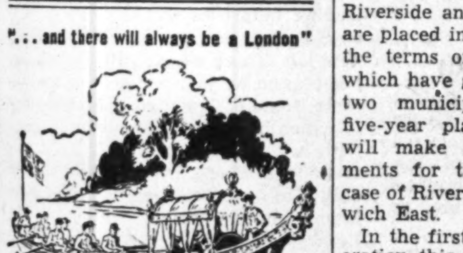
Classified ads. cost 4c. per word and figure for each insertion. Minimum ad. 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

Position Wanted

JUNIOR executive — wide experience sales engineering and office work. At present employed. War work preferred. Box 33, The Financial Post, Toronto.

MARRIED man, bilingual, 20 years experience in financial institution available shortly, will consider responsible position with well established concern. Box 35, The Financial Post, Toronto.

"... and there will always be a London"



London through the centuries discovered and developed many notable refinements in the art of living. Among the achievements for which all men should be grateful are the famous "London Mixtures" which West End tobacconists evolved to make perfect the pleasures of pipe smoking. Piccadilly is London's gift to Canadian pipe smokers, Try Piccadilly in the distinguished new pouch.

Piccadilly
LONDON
SMOKING MIXTURE
MILD

Nation's Income Gains Sharply During 1940

Sirois Preliminary Study Shows $555 Millions Rise Over 1939

National income in Canada for 1940 totalled $4,594.2 millions, according to an extended study of the Sirois Commission.

This preliminary estimate reflects rising payrolls and industrial activity brought about by war.

In 1939 national income paid to individuals is estimated at $4,039.6 millions; in 1938, $3,837 millions. In the depth of the depression in 1933 national income amounted to $2,640.6 millions, according to this source.

Greatest provincial income for 1940 is shown by Ontario, totalling $1,905.9 millions.

A break-down of national income shows the provinces arranged in the following order:

1940 Provincial Income

	In 000,000's of dollars
Ontario	1,905.9
Quebec	1,144.3
British Columbia	382.5
Alberta	286.5
Manitoba	284.4
Saskatchewan	249.3
Nova Scotia	190.3
New Brunswick	127.4
Prince Edward Island	21.2

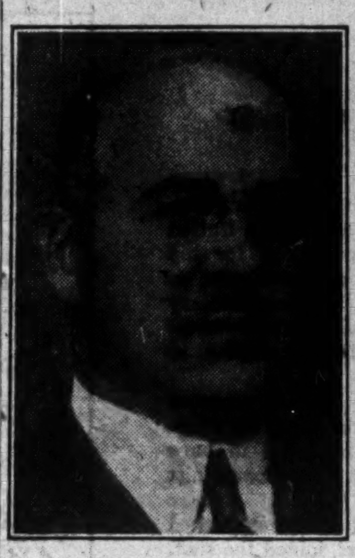
Ontario Income Highest

The small balance not shown in the break-down but included in total national income is that of the Yukon and North West Territories.

Highest per capita income is shown by Ontario, totalling $505 in 1940. Canadian average is $402 per capita. British Columbia is second with per capita income of $486, and Manitoba third with $387.

Following are per capita incomes according to provinces:

Ontario	$505
British Columbia	486
Manitoba	387
Alberta	360
Quebec	352
Nova Scotia	340
New Brunswick	279
Saskatchewan	261
Prince Edward Island	221



JOIN POWER UTILITY BOARDS

Morris W. Wilson, president of the Royal Bank of Canada (left), and Alfred H. Paradis, both of Montreal, who have been elected to the boards of Montreal Light, Heat and Power Consold. and Beauharnois Light, Heat and Power Co.

Two Thirds of Russell Estate Invested in Own Company

Almost two thirds of the estate of the late Thomas Alexander Russell, Toronto industrialist, was invested in the common stock of Russell Industries Ltd., over which he presided. Mr. Russell's holdings of 42,220 shares, comprising over 50% of the issued common stock, were valued at $591,080 and were supplemented by 300 shares of the 7% preferred stock of the company valued at $45,000.

Third largest security holding of the estate was 100 shares of the Canadian Bank of Commerce in which Mr. Russell was a director. Fourth place was occupied by his interest in Massey-Harris Co., of which he was president, in which the estate showed a market value of $7,350, representing 2,450 common shares.

With the exception of companies in which Mr. Russell was actively connected, the largest item in the estate is some $166,000 in insurance, an amount more than double that of the next largest item, real estate, which was shown at $73,000.

Investment of Estate

	$
Real estate	73,000
Insurance	166,228
Cash on hand and in banks	11,963
Bonds	1,467
Stocks and shares	670,996
Other assets	19,202
Total	942,858

Stocks and Shares

Shares Held		Market Value $
10	Albany Club	2
1	Amer. Shorthorn Breeders' Ass'n.	2
100	Arcturus Radio Tube, c.	14
25	Bay-Adelaide Garage, p.	2
250	Bay-Adelaide Garage, c.	2
50	Candn. Airways, com.	62
100	Candn. Bank of Comm.	16,700
25	Candn. Vickers, com.	75
200	Candn. Gen. Investments	1,630
5	Chart. Trust & Exec. Co.	375
200	Darkwater Mines Ltd.	6
10	Ford Motor Co. of Can., A	149
1,000	Gachin Holdings Ltd.	2
1,666	Glidden Royalties Ltd., c.	2
300	Grosvenor Co., com.	2
25	Hinde & Dauch Paper Co.	259
25	Inter. Nickel Co., com.	844
1	Lambton Golf & Ctry. Club	100
4	Monarch Knit. Co., pfd.	240
33	Monarch Knit. Co., com.	74
5	Sirian Lamp Co., pfd.	2
250	Sirian Lamp Co., com.	69
25	Stand. Pav. & Matrls., c.	14
200	J. F. M. Stewart & Co., c.	2
100	Sudbury Basin Mines, c.	126
1	Toronto Winter Club, com.	20
2,450	Massey-Harris Co., com.	7,350
42,220*	Russell Indust., Ltd., c.	591,080
300†	Russell Indust., Ltd., pfd.	45,000
125	West Toronto Holdings, c.	2
800†	Canada Cement Co., com.	4,800
24†	Toronto Gen. Trusts Corp.	1,824
40†	Ventures Ltd.	124
	Total	670,996

*Of which 11,320 shares pledged as collateral for bank loan.
†Pledged as collateral for bank loan.

Bonds and Debentures

Par Value $		Market Value $
1,000	Albany Club	2
500	Caledon Mountain Club	2
1,000	Dom. of Can., 4%, Oct. 15/45	1,061
1,000	Glidden Royalties Ltd.	2
500	Dom. of Can. War Sav. Cert.	400
	Total	1,467

Municipal Finances

Brantford, Ont.—Results of economy are shown by Brantford's reduction of the general tax rate from 44½ mills in 1940 to 43 mills in the 1941 budget. A decrease of approximately $40,000 is shown in budgeted expenditures, the only items to show noticeable advances being expenditures for the protection of persons and property ($4,000) and legislative and general expenses ($9,000). The latter is largely attributable to a $5,000 reserve for contingencies. In presenting the budget, Treasurer Danby and Mayor Ryan called attention to the course of tax collections and outstanding debt, which have run as follows:

Year	Ratio Collections to Tax Levy: Current %	Current & Arrears $	Debt Outstanding at Year End $
1937	78.20	98.01	5,229,436
1938	79.96	98.20	4,838,176
1939	82.76	101.02	4,392,823
1940	85.75	103.85	4,102,523

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Brandon, Man.—Tentative order for a refunding plan has been submitted to Brandon city council by the Manitoba Municipal and Public Utilities Board. Plan involves payment of 75% of arrears of interest to Jan. 2, 1941, in cash, payment of contract rates of interest to maturity of present debentures, thereafter interest to be paid at 4½%. New debenture issue, to be dated Jan. 2, 1941, would be redeemed in 15 years under the plan. The city defaulted early in 1937; at the end of 1940 debt amounted to approximately $1,469,000, with arrears of interest amounting to $316,00. The Brandon city council has suggested a plan similar to that of the Board, calling for interest to be paid at 3½% and only 65% of interest arrears to be settled in cash.

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Montreal. — The City of Montreal preliminary budget for 1941-42 estimates expenditure at $52.6 millions, $692,698 less than the current year ending April 30. No provision is made for $4.6 millions of sinking fund installments and for interest on Montreal debentures held in the municipal sinking fund.

To obtain a balanced budget, $661,000 has been appropriated from surplus, $300,000 from last year, and $361,000 from the current year. No provision is made for retirement of $11.6 millions of term debentures, maturing between May 1, 1941 and April 30, 1942. Serial loans of $2 millions will be retired. By the end of the current fiscal year there will be $13.2 millions of Montreal term debentures matured and unpaid.

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Oshawa, Ont. — Tax rate for Oshawa in 1941 has been set at 29 mills, a reduction of 1½ mills from the 1940 rate. Under the new tax rate the city expects to raise $771,264, while other direct taxes will raise the total to $884,087. Total expenditures forecast in the 1941 budget amount to $1,189,656 of which nearly $475,000 is earmarked for debenture service.

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Calgary, Alta.—During 1940 the City of Calgary lopped $396,000 from its debenture debt by payments from sinking fund. Average price of the debentures redeemed was 93.57, resulting in a book profit of some $25,000 on the transactions. At year end the city's debt totalled $12.8 millions against which the sinking fund reserve held $1.2 million. Collections of current taxes during 1940 amounted to 84.79% of the current levy, as compared with a ratio of 81.16% in 1939. Current and arrears collections were 104.35% of the current levy in 1940, 102.05% in 1939.

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Saint John, N.B.—Despite a rise of $12,000 in anticipated expenditures for 1941, Saint John's tax rate has been cut 4 cents per $100 assessment to $3.98. Reason for the decrease is the stimulus given to business activity by defense industries. Sundry revenues are expected to rise $15,000 above the 1940 figure of $136,000, while income from water and sewage services are budgeted at $302,000 against $282,000.

Bond Sales

Toronto, Ont.

Sales of $1.5 million in 1½% interest-bearing treasury bills at par is announced by the City of Toronto. Purchasers of the bills are understood to be life insurance institutions. Bills are to be dated Feb. 28, 1941, $1 million maturing May 15, the balance in 90 days from the date of issue.

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Viceroy Manufacturing Co.

Sale of $625,000 first mortgage serial and term bonds to J. F. M. Stewart & Co., Toronto, by Viceroy Manufacturing Co. is reported. The issue comprises $180,000 in 3¼% installment bonds maturing $30,000 annually, Feb 15, 1942 to 1947 inclusive; $100,000 3¾% installment bonds maturing $25,000 annually 1948-51, inclusive; and $345,000 in 4½% bonds due Feb. 15, 1956. Both the installment issues have been sold and the term issue is being offered at 99.75.

Purpose of the issue is to redeem existing 4¾% bonds at 103, to a par value of $200,000, together with $75,000 of 3½% bonds outstanding; to meet bank debt of $136,702 and to provide funds for plant additions totalling $195,000 and other corporate purposes.

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St. Colomb de Sillery, Que.

Clement, Guimont, Inc. has purchased $25,000 of 4½% installment debentures of the Parish of St. Colomb de Sillery, Que. Purchase price is reported at 98.40. Debentures mature Jan. 1, 1942-61, inclusive.

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Vancouver and Districts

Vancouver and Districts Joint Sewerage & Drainage Board has sold $1.2 million of installment debentures, guaranteed by the Province of British Columbia. Issue comprises $166,000 in 3½% debentures maturing Sept. 1, 1941-45, inclusive, and $1,034,000 in 4% debentures due Sept. 1, 1946-70, inclusive. The debentures are being offered at yields varying from 3.75% to 4.35%. Members of the offering syndicate include the following:

A. E. Ames & Co.
Dominion Securities Corp.
Wood, Gundy & Co.
Pemberton & Son Ltd.
Lauder, Mercer & Co.
The Canadian Bank of Commerce.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Silverwood, A	5%	1942-51	Mar. 25	103
Do., B	5%	1952	Mar. 25	101
Randolph Hotel	6½%	1947	May 1	105
South. Kraft	†4½%	1946	Mar. 4	par

†Drawn by lot $705,000.

Can. Breweries Gets $550,000

Subsidiary Given Compensation for Ottawa Real Estate

Award by the Exchequer Court of Canada to Brading Breweries Ltd., a wholly-owned subsidiary of Canadian Breweries Ltd., of $550,000 for its real estate in Ottawa, is reported in the complete pamphlet report of Canadian Breweries for the company year ended Oct. 31, 1940.

The award arose out of the expropriation in 1938 of the Brading plant as a part of the Dominion Government scheme for beautification of the capital. Brading continues to use the plant and has arranged to lease it from the Dominion for at least another couple of years, subject to renewal if the whole scheme is not proceeded with. The company has to pay city taxes on the property but no rent to the Dominion.

It is pointed out that the award was made since the end of Canadian Breweries year in October, and is not reflected in the balance sheet as of Oct. 31.

The complete report of Canadian Breweries confirms the net profit figures in the preliminary statement issued in December. The company earned $3.22 a share on its preference compared with $3.18 a share in the preceding year. The company is now paying the regular $3 a share annual dividends on this stock and arrears amounted to $6.75 a share at the end of October.

Balance carried forward in distributable surplus account at the year end was $1.5 million, a gain of about $62,000 during the year. Capital surplus is up $40,000 to $1.6 million, reflecting an addition of $62,113 as a result of purchase of additional shares and assets of subsidiaries and a deduction of $22,005 from disposal of fixed assets.

Falkner Elected Head Montreal Bond Traders

From Our Own Correspondent

MONTREAL.—J. A. D. Falkner of Wood, Gundy & Co., was elected president at the annual meeting of the Montreal Bond Traders Association.

The following were elected to the committee:

AIME DOMINIQUE, of Rene T. Leclerc Inc.;
WALTER DOWNS, Kippen & Co.;
REX STEVENSON, Nesbitt, Thomson & Co.;
D. J. BYERS, Abbott, Proctor & Paine;
R. S. GILL, Royal Securities Corp.;
RALPH ZWIBEL, Greenshields & Co.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Toronto Treasury Bills	Feb.		1½%	May 15, '41	$1,500,000	100	....
Parish of St. Colomb de Sillery, Que.	Feb.	Clement, Guimont	4½%	1942-61	25,000	98.40	....
Vancouver and District's Joint Sewerage & Drainage Board (Guar. by Prov. of Brit. Col.)	Feb.	A. E. Ames & Co. and Syndicate	3½%	1941-45	166,000	....	....
			4%	1946-70	1,034,000	....	....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Viceroy Manufacturing Co.	Feb.	J. F. M. Stewart & Co.	3¼%	1942-47	$180,000	....	....
			3¾%	1948-51	100,000	....	....
			4½%	1956	345,000	....	....

Odeon Theatre Chain Started

British Interests Associated With Scheme to Establish Can. Outlets

From Our Own Correspondent

VANCOUVER.—Said to be backed by powerful British financial interests, Odeon Theatres of Canada is in process of acquiring motion picture theatres in key cities across Canada from coast to coast.

The organization has already taken over three downtown theatres and one "neighborhood" house in Vancouver, one of the larger places being a $300,000 structure now under construction.

William J. Long, formerly of Edmonton, is British Columbia supervisor of the company and with him is associated J. Howard Boothe, independent theatre operator.

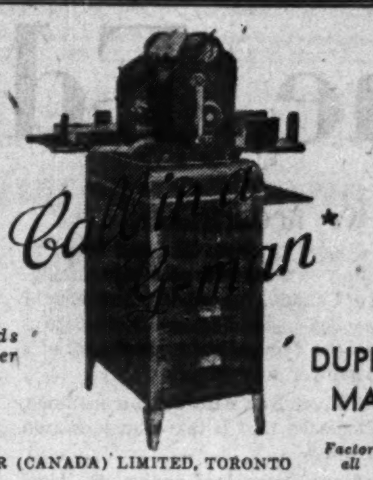
Long says that the company is controlled by Canadian capital, although closely associated with British interests.

Most of the larger moving picture houses in British Columbia are controlled by Famous Players Canadian Corporation.

Indications are that the British financial interests starting to build up a theatre chain in Canada are closely associated with the Odeon Theatres Co. of which Oscar Deutsche is head in Great Britain. This concern operates some 300 motion picture houses in that country. It has been associated with the United Artists organization in the United States as a distributing and exhibiting concern.

In eastern Canada, it is understood that Odeon Theatres is going ahead with construction of a new theatre in Kingston, Ont., at present. Other units may follow.

It is thought that the capital being used has actually been in Canada for some time. Eventual plans may be quite ambitious, leading to the establishment of a plant to produce motion pictures, probably on the Pacific Coast. This would depend on ability to get an Empire quota for motion pictures and to divert revenues now going to the United States in the form of motion picture rentals.



*"G" stands for Gestetner of course.

DUPLICATING MACHINES

D. GESTETNER (CANADA) LIMITED, TORONTO

Factory Branches in all Leading Cities

War Savings

Into the Home Stretch

Half way through February, cash receipts at Ottawa indicated that something like 75% of the dollar objective of the war savings campaign had been attained. At the end of the third week of the big push, reports from committees embracing 52% of the two million subscribers being sought showed that this section of the organization had rolled up 73% of its numerical objective.

More reliance is to be placed in these figures than in the first report of provincial totals which have come in. The provincial figures, giving the numbers reported up to Feb. 22, show Ontario in the lead with 48.7% of its objective passed. But the lack of reports makes the figures for the other provinces absurdly low. For example, the percentage reported in Manitoba is 4% of the total, with only 43 centres reporting, and no word from the remaining 184 centres. Winter conditions have been to blame for the lack of reports in some cases.

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£600 Millions

If anything were needed to point the potentialities of war savings as a wartime institution, the statement of Sir Robert Kindersley, president of the National Savings Committee in England, would fill the gap. In the first 15 months of the war, small savers in England lent £600 millions to their government, while large loans brought in £875 millions. In the same period in Canada, war savings certificates contributed less than one tenth as much to the national coffers as did the war loans. The present objective of $120 millions annually would have to be increased to something like $330 millions to bring it into line with the amount provided by the small saver in Britain, i.e., two thirds of the amount provided by war loans.

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No Bonfires, Please

The practice of making war savings subscriptions a straight gift to the Government by the simple process of burning stamps and certificates is not commended by Ottawa. In the first place, this practice makes it impossible to tell what the Government owes in the form of certificates. In the second place it is regarded as likely to create an impression that the certificates are of little value.

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Chemical Warfare

"EXTERMINATE!—Germans and Vermins with War Savings Stamps," is the appeal of the Toronto firm of Reliable Exterminators (Reg'd.) Reliable is willing to accept War Savings Stamps as payment for its lethal services, thereby killing two bugs with one blow. The firm is not quite sure what it will do if it receives more than the legal limit of $480 for its "bug-krieg," and if the take gets very big it may have to turn its stamps in at the end of six months. In any event, the Government will have interest free money for six months, and Torontonians will help stamp out the enemy within the gates.

Trust and Loan Company Reports

Central Trust

Central Trust Co. of Canada, Moncton, N.B., reports net profit of $8,612, before income taxes, in 1940, compared with $8,545 in 1939. Income tax provision, however, rose to $2,014 in 1940 from $831 in 1939, contracting net profit available for dividends to $6,598 from $7,714.

Dividends of 6% were paid on paid-up capital during 1940.

Fred Magee, president, states in the annual report that in the past year there has been a tendency toward lower interest rates and considerably increased taxation. This has made operations of the organization more difficult.

Amount placed in the savings department by the public increased $39,467 in 1940 to more than $1 million.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net profit*	6,598	7,714
Less: Dividends	6,012	6,012
Surplus for year	586	1,702
Add: Prev. surplus	31,265	29,563
Surplus forward	31,851	31,265

	1940 $	1939 $
Guaranteed certs.	801,934	779,632
Savings, etc.	240,286	223,120
	1,042,220	1,002,752
Secured by:		
Mtges. & int., bonds loans	1,036,355	978,638
Cash	5,865	24,115
Other net assets	134,602	132,296
	1,176,822	1,135,049
Estates, etc.	4,437,014	4,181,642

Maritime Trust

Annual statement of the Maritime Trust Co., Saint John, N.B., shows a decrease in earnings largely as a result of a rise in Federal taxes to $3,153 in 1940 from $1,682 in 1939. Investments, with the exception of a small amount in bank stocks, consist entirely of Dominion, provincial, provincial guaranteed and high-grade municipal bonds.

Estates under management declined from $2.9 to $2.6 millions during the year as a result of the winding-up of several large estates. A dividend of 5% was paid to shareholders on Mar. 1, 1940, out of 1939 earnings, and 2½% was paid July 15, and Nov. 15, 1940, out of 1940 earnings.

Earnings Record

Year	Paid-up capital & reserves $	Net profit* $	Div. rate %	Rate† earned per sh. %
1936	136,100	8,294	4	6.09
1937	137,100	8,729	4	6.37
1938	137,100	8,806	4	6.42
1939	171,375	9,487	5	5.54
1940	171,375	8,266	5	4.82

†Earned on paid-up capital, which was 50% of subscribed capital to and including 1938; 62½% thereafter.
*After all charges including depreciation and taxes.

Capital Account Net Assets

	1940 $	1939 $
Liquid assets	215,052	217,899
Other assets	1,478	2,749
Less: Current liabs.	19,627	14,873
	196,903	205,775
Estates, etc.	2,623,594	2,882,871

Note: — Shareholders' subscriptions uncalled, amounting to $102,825 in both years, are not included under assets.

Eastern Trust

Eastern Trust Co., Halifax, reports net earnings, after management expenses, of $133,331 in 1940, compared with $147,669 in the preceding year.

After provision for taxes and miscellaneous write-offs, net profit totalled $80,391 in 1940, against $106,115. This was equal to earnings on the capital stock of $8.04 and $10.61 a share, respectively.

Hon. F. B. McCurdy, president, told shareholders at the annual meeting that rising taxation had had an adverse effect on earnings. He stated that mortgage borrowers have had difficulty in meeting interest payment.

Total volume of business has been well maintained.

The company paid the usual 8% dividend on its capital stock during the year. There were insufficient earnings, however, to provide for the usual transfer of $25,000 to reserve fund.

Estates, trust and agencies increased to $56 millions from $55.1 millions.

Earnings Record

Year	Paid-up capital & reserves $	Net profit $	Div. rate $	Rate earned per sh. $
1936	1,275,000	105,635	8	10.56
1937	1,300,000	105,126	8	10.51
1938	1,325,000	105,868	8	10.58
1939	1,350,000	106,115	8	10.61
1940	1,350,000	80,391	8	8.04

Creditors' Position

	1940 $	1939 $
Guaranteed deposits	5,047,565	5,936,776
Secured by:		
Liquid assets	3,387,991	4,175,069
Mortgages	1,659,574	1,761,707
Other net assets	1,376,650	1,376,260
	6,424,215	7,313,036
Estates, trusts, etc.	56,011,014	55,104,023

Montreal Loan

Montreal Loan and Mortgage Co. reports net profit of $45,331, after interest, depreciation, provision on real estate, and all other charges, in the year ended Dec. 31, 1940, against $49,593 in 1939. This was equivalent to earnings on the $25 par value capital stock outstanding of $1.89 and $2.06 respectively.

Balance sheet at Dec. 31, 1940, shows total assets of $1.5 million, a decrease of $76,965 from the end of the preceding year. Deposits dropped to $500 from $4,250, and debentures were reduced to $54,200 from $129,367 at the end of the preceding year.

Earnings Record

Year	Paid-up capital & reserves $	Net profit $	Div. rate $	Rate earned per sh. $
1936	1,450,000	49,952	2.00	2.08
1937	1,450,000	49,402	2.00	2.06
1938	1,450,000	50,876	2.00	2.12
1939	1,450,000	49,593	2.00	2.06
1940	1,450,000	45,331	1.43¾	1.89

Creditors' Position

	1940 $	1939 $
Debentures	54,200	129,367
Deposits	500	4,250
	54,700	133,617
Secured by:		
Cash	65,788	24,023
Mortgages (net)	1,170,637	1,225,849
Other net assets	277,839	342,478
	1,514,264	1,592,350

Home Investment

Liquid assets of the Home Investment & Savings Association, Winnipeg, were more than double its total liabilities to the public at the end of 1940. Collections during 1940 showed improvement over 1939 in both urban and farm accounts. The reduction in mortgage accounts and lower interest rates on other investments was instrumental in reducing earnings for the year, although this was largely offset by reduced operating expenses. Earnings for 1940 were equivalent to 1.06% of paid-up capital, compared with 1.24% in the preceding year.

Earnings Record

Year	Paid-up capital & reserves $	Net* profit $	Div. rate %	Rate earned per sh. %
1936	1,346,400	12,762	..	1.28
1937	1,246,400	4,459	..	0.45
1938	1,196,400	5,094	..	0.51
1939	1,196,400	12,311	..	1.29
1940	1,196,400	10,523	..	1.06

*After provision for taxes.

Liabilities to Public
As at Dec. 31

	1940 $	1939 $
Debentures & int.	73,773	98,754
Deposits	186,027	206,344
	259,800	305,098
Secured by:		
Liquid assets	646,614	565,604
Mtges., agmts. & int.	503,779	545,203
Other net assets‡	314,982	411,861
	1,465,375	1,522,668

‡Other assets, less current liabilities.

Bond Tenders

12 Noon, Feb. 27, Canada Treasury Bills—$40,000,000, dated Feb. 28, 1941, payable May 30, 1941.

Mar. 12, County of Lanark, Ont.—$15,000, 3½% 15-year ins. debentures.

Dunlop Tire Business Up

Capacity Operations Reached in 1940 and Equipment Increased

Dunlop Tire & Rubber Goods Co. shared fully in the expansion of Canadian business last year, states James I. Simpson, president and general manager. Together with a substantial volume of orders for war supplies, this resulted in near capacity operations of the company's plant during the latter part of the year.

This higher production has made necessary extensive outlays for equipment, "a considerable portion of which is being used primarily for war production." Major repairs have also been made to foundations and floor in the mill room and another story added to the building to give increased capacity and lower costs. Necessity of operating some equipment on a 24-hour daily basis made it impossible to make any but temporary repairs in many cases. Continuation of present rate of production for a prolonged period will make necessary major equipment replacements.

Active In War Work

Mr. Simpson points out that a considerable portion of Canada's war production is being built to British specifications for both mechanized transport and airplane equipment. "The close association with its parent organization, Dunlop Rubber Co. Ltd., England, which is supplying a major portion of tires and other products in the United Kingdom, has placed the company in a unique position to meet the urgent demands of the Canadian and British Governments and at the same time extend substantial assistance to various government departments in technical and other matters pertaining to war products to be manufactured in accordance with British specifications," states Mr. Simpson.

Canadian Lastex Ltd., an associated company, had another successful year. No dividend has yet been paid on the common stock, of which Dunlop Tire holds 50%, but earnings have been more than sufficient to meet all debenture interest and sinking fund requirements.

Further details of the company's annual report will be found elsewhere in The Financial Post.

New Building

Reported by Engineering & Contract Record:

Dom. Dept. of Munitions & Supply has awarded contract to Foundation Maritime Ltd. for $500,000 aircraft overhaul and repair base at Dartmouth, N.S.

Canadian Industries Ltd. has awarded Anglin-Norcross Ontario Ltd. general contract for $700,000 plant at Kingston for manufacture of Nylon.

General Motors of Canada Ltd. has got work started on $100,000 extension to the stamping plant at its main plant in Oshawa, Ont.

Quebec Dept. of Roads plans to resume work in the spring on the Ste. Adele-Ste. Agathe section of the Laurentian highway. Work on this stretch was suspended when the Government decided the original contract with a company controlled by James Franceschini, interned Toronto contractor, was "exorbitant." Completion of the section will link Montreal by modern highway to St. Jovite, 90 miles away, and provide connection with the new Montreal-Mont Laurier-Senneterre highway.

F. W. Woolworth Co. has awarded general contract for $250,000 store construction project on Sparks Street, Ottawa.

Kraft Containers Ltd. has awarded $60,000 addition to Hamilton plant.

Waysagless Spring Co. has awarded general contract for $200,000 factory project in Swansea, Toronto suburb.

The Editorial Page . .

The Way to Get Results

The need for a more business-like and efficient system of war supply in Canada is now being recognized in all parts of Canada. It has been the theme of a number of speeches in Parliament. Newspapers from coast to coast are demanding appointment of a production manager for war supply.

It took the Vancouver News-Herald, for instance, only eight days to learn that it takes businessmen to get business results.

On Feb. 6, the Herald was dead against the idea. It said:

"From time to time The Financial Post and the reactionary press of eastern Canada has assailed the Hon. C. D. Howe and the Prime Minister for the failure to appoint a 'big boss' of wartime production. They have attacked times without number the 'entrenched political and bureaucratic system that moves by precedent, formulae and orders-in-council.' . . .

"On the surface, papers like The Financial Post, etc., make a very fine case for the elimination of 'red tape,' etc., and for business management of the war effort.

"What they refuse to understand is that the Government has no mandate whatever to surrender its final authority. . . ."

No one had ever suggested that the Cabinet surrender its "final authority." All that had ever been suggested was that authority for the organization of war industries be delegated in a business-like way to get results.

The shareholders of a company do not delegate "final authority" when they elect a board of directors to run a company. The board does not surrender its authority when it appoints a general manager to carry out the board's policies.

Eight days later, the News-Herald had aroused itself to look at the facts a little more closely. On Feb. 14 it wrote:

"It is now obvious to everyone that a thorough-going reorganization is necessary if we are to achieve satisfactory production of aircraft in Canada. . . .

"The announcement that a shortage of training planes is slowing down the great air training schemes is something more than 'disappointing.'

"It is a blow to public confidence in our aircraft administration and suggests once more the need for the appointment of an outstanding production expert to solve this pressing problem."

The News-Herald refers, of course, only to airplanes. But aircraft is only one phase of war supply. We are buying and producing tanks, guns, shells, chemicals and thousands of other items. Some of these are being bought according to well-laid schedules and plans covering the particular commodity in question. Others are being bought with no plan. We need not only good men in charge of each department but also one general production manager to co-ordinate the work of all.

Canada's war supply will remain bogged down in many of its essential parts, there will continue to be confusion and delays and waste until War Supply is reorganized as a business operation. A "General Manager" must be appointed to co-ordinate the work; a time-proved executive with authority to hack through the jungle of politics and red tape and clear a straight road to results.

Canada at Washington

Appointment of Leighton McCarthy, K.C., as our Minister to the United States promises to derrick our Washington Legation out of the mire of mediocrity in which it has sunk.

Mr. McCarthy is a distinguished Canadian with a high sense of public duty, developed in a lifetime of political and business service. His close association with the President and with American business groups, whom he has represented in Canada as counsel, has given him the valuable asset of an understanding of American opinion.

There are many jobs for our minister to do in Washington. If they are all to be done properly, Mr. McCarthy will find that he will need a much stengthened technical and working staff in the white stone building on Massachusetts Avenue where Canada's work is done in Washington.

Right now no more important job is on the urgent list than the fuller co-ordination of the war supply programme of Canada with those of the United States and Great Britain. On the recently formed Supply Council of North America, the Canadian seat is occupied by Mr. Howe, who can spare to this all-important Washington contact a few hours a month. But there is a full-time task for someone in this work.

In the last war, Lloyd Harris, a successful Canadian business leader, headed a Canadian War Mission in Washington. We did not then have a legation. Now we have a legation but the relationships of the two countries have become infinitely complex. Just as Britain has both an ambassador and a War Supply chief in Washington, Canada seems to need, in addition to the minister, a full-time representative charged with the simple, single responsibility of co-ordinating Canadian war production with Commonwealth-U.S.A. needs and Commonwealth-U.S.A. production.

Mr. McCarthy's wise advice as to the best way of meeting this problem should be valuable to the Prime Minister.

The Financial Post's Platform For War

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of a non-political industrial executive with complete authority to organize and direct procurement of munitions and supply.*
4. *Pay-as-we-go policy to the very limit consistent with an all-out war effort.*
5. *Elimination of wasteful spending by public bodies or private individuals.*
6. *A national programme to deal with post-war employment and relief problems.*

Winning the war has become the focus, for all effort, national or personal, in Canada. It requires full mobilization of the nation's material and spiritual resources.

To the fullest degree, this should be achieved by individual effort, freely made.

Strong national leadership will inspire service and sacrifice. In turn this will reduce the need for regimentation and compulsion.

Britain and the Communists

Britain is going to have to come down hard on Communist agents. She has taken the first move by suppressing the Communist daily paper.

A great many people in Canada "point with pride" to the fact that Britain has not declared Communism illegal, as we have; that Communist speakers still can oppose the war; that freedom of speech continues in England.

Britain can not continue for long to be so delicate in its treatment of these enemies within its gates. It is well established that Molotoff has turned the international red network of organized agitation over to Hitler as an agency for spreading Nazi propaganda and for military espionage. Communist agents are planted in British industrial plants and, of course, in every industrial plant in the United States that is manufacturing munitions for the allies. Their duty is to trump up grievances, to spread disloyalty and dissension, to obtain military information and to survey opportunities for sabotage, when the word goes out that sabotage is to be started.

Quite recently News-Review, London, reported that in London aircraft works five unofficial stoppages recently investigated were found to have arisen where Communist and near-Communist shop stewards were in charge.

In one a "workers' leader," who had not worked as an engineer for nearly 20 years, joined the staff, and in four weeks had been elected shop steward.

This man, well known as an agitator for a "People's Government which will end the war," called 500 men out on strike without the authority of the Union Executive.

If anyone has the slightest doubt as to the entirely unfriendly and destructive character of the work of the Communists; if he has the slightest doubt that their work is skilfully and ruthlessly directed from Moscow; if he thinks there is the slightest suggestion of sincerity or of moral basis to their operations let him read "Out of the Night," by Jan Valtin. This is a most revealing story of how terror and revolution are spread through unconscionable rogues and also through well meaning but guliible people.

Let there be no misunderstanding; Communism is—not just in theory but in actual fact—Hitler's fifth column, whether in Britain, Canada or elsewhere.

What! Never?

The Minister of Munitions and Supply, in the House of Commons, July 30, 1940:

MR. HOWE: "It is anticipated that Canadian production of Ansons will commence before the end of this year."

The Minister of Munitions and Supply, in the House of Commons, February 21, 1941:

MR. HOWE: "No. There was never the slightest thought in anyone's mind that we would get the first Avro-Anson plane before the end of February, 1941."

Attacking the Wrong Firm

When the British Commonwealth Training Programme found itself in grave jeopardy because of the inability of Great Britain to deliver Avro-Anson training planes, Messrs. Howe and Duncan turned to the United States. They ordered Cessnas, made in Wichita, Kansas.

A couple of weeks ago the Minister for Air, Mr. Power, told a press conference that the Cessnas were delayed in delivery.

The statement was published in newspapers from coast to coast.

The Financial Post did not publish it because it made enquiries and found that Mr. Power — who should have known more about the matter than any one else—was ill-informed.

Cessnas, The Post is informed on quite satisfactory authority, are being delivered according to schedule.

Right now the whole air training programme is being saved by delivery of American-built planes. Canadian-built Avro-Ansons that were to be provided are still bogged down in Canadian plants, waiting for plans and parts that will enable the impatient manufacturers to finish them. It is then most unfortunate that a Canadian minister should make this inaccurate and unjustified criticism of an American company.

It is Canada's own Government-owned Federal Aircraft Company that is months behind schedule.

Editorials in Brief

The Ottawa Journal quotes The Financial Post as having used the phrase "Douglas fur." We know it was only a linotype error in the Journal's composing room but it comes pretty close to libel just the same.

* * *

"I would be very glad to lend more if I had it to lend . . . If the Government had to economize as I have there would be less need for war savings."

This was the response of one office girl to the plea that she increase her present purchase of war savings certificates.

The sacrifice that people of small incomes are making to enable them to buy war savings certificates deserve this reward at least: that Ottawa survey all its expenditures to see which ones can be cut out entirely in war time.

COMPETITION —Cartoon by Grassick.

Post-Scripts . . . .

Invests $360 Millions

Traditional picture of a banker has changed considerably in the past 10 years. Executives taking positions at the top of the banking world are younger than a decade ago. Their responsibilities are broadened and their outlook altered by the new place of banking in commerce.

F. S. MOFFITT

Recently the Royal Bank of Canada, which has sought to bring along its younger personnel, created the new post of Supervisor of Investments. In that position it placed Frank Storey Moffitt, a veteran from the standpoint of service, but still in his early forties.

As supervisor of investments, Frank Moffitt formulates investment policy for $360 millions of security holdings.

In 1929 the amount that would have appeared in the balance sheet as investment in bonds and stocks would have been near $100 millions.

* * *

But banking has undergone an evolution since then. In the so-called "prosperity" days the bank found a major outlet for its funds in financing corporation expansion and inventories. Demand from that direction has not kept pace with the increase in funds available to the bank. So they have gone into securities.

At the end of the bank's 1940 fiscal year assets invested in securities actually exceeded the amount placed in loans and discounts.

As this evolution has been taking place the emphasis on responsibility has been changing. By creating a supervisor of investments post and placing Frank Moffitt in that position the bank recognizes two things:

The increasing importance of securities investments, and the stress on younger men in positions of responsibility.

Frank Moffitt has reached his new position via the hard route. A Montrealer, or more correctly, a native of Westmount, he has been in the service of the bank since 1916, with the exception of a brief period in the army.

Educated in Westmount, he started with Royal as junior in 1916. From the Westmount branch he went to Winnipeg. In 1918 he found the lure of the Air Force irresistible. His life as an air cadet was relatively short-lived and he returned to the bank upon demobilization. In March 1921, he returned to head office in Montreal, where he was on the inspection staff.

In 1922 he went into foreign exchange branch of the company at the Montreal branch. In 1923 he went to the Vancouver foreign exchange division. After a few months at the West Coast office, he went to the foreign exchange agency in New York.

In January, 1929, Mr. Moffitt found his way back to Montreal as branch manager of the foreign department. Again, in June, 1931, he returned to Winnipeg as assistant manager.

By 1934 the investment department of the bank was growing in importance, and in February, 1934, he entered the investment department at head office.

In the past six years the department has been growing and Frank Moffitt's rise has paralleled its growth.

* * *

Recognition for his services has come with the placing of the chief investment officer in the list of senior company officials.

Frank Moffitt typifies the new banking executive. Friendly and approachable, he is altogether a very normal sort of person. He is hard-working and not given to exaggerating the magnitude of his job.

A better than average golfer, he has little time to indulge in the recreations of junior days. He enjoys fishing, but does not talk of the fish that got away. He has abandoned badminton, but retains a membership in the Montreal Badminton and Squash Club.

He is a member of the Mt. Bruno Golf Club and the St. James Club.

* * *

Underwriters President

Few men in the life underwriting business have had wider experience than Henry O. Wright, newly elected president of the Life Underwriters Association of Canada.

H. O. WRIGHT

First in the publishing business and later as a soldier, civil servant, farmer, machinery salesman and member of parliament he has seen life under varying conditions and gained a knowledge which has been extremely useful to him as a life insurance man, out on the selling front.

Mr. Wright was born at Hull, Quebec, and educated at the public and high schools of Ottawa. His first job was with an uncle in the publishing business in Ottawa. But on the outbreak of the South African war, he enlisted and served through the major part of the campaign.

Returning to Canada he entered the civil service in what was then the Department of Printing and Stationery.

But he still kept up his connection with the militia and when King Edward VII was crowned, he was selected as one of four representatives from the Princess Louise Dragoon Guards in the Canadian contingent to the coronation.

* * *

In 1908 the West called and Mr. Wright took up a section of land near Senlac, Sask. While farming there he got his first real selling experience as a salesman for the Rumley thresher.

* * *

In 1917 he was elected a member of the Dominion Parliament for Battleford.

Five years later he joined the sales force of the Monarch Life Assurance Co. at Wilkie, Sask. It was then that he found his niche. In 1925 he became branch manager at Saskatoon and since that time has kept his branch among the foremost of the company. In 1939 he won a contest for managers based on general agency progress.

Since 1924 he has been a member of the Life Underwriters Association holding various offices in the Saskatoon branch.

He is very fond of hunting. Opening of the wild duck or prairie chicken season in the West finds him out on the prairie looking for his bag. He is also an enthusiastic golfer. Possessed of a well-trained baritone voice he has frequently sung at gatherings of the life insurance men in the West.

He is married and has four daughters, all graduates of the University of Saskatchewan.

* * *

Industrialist Loaned

Goodyear Tire & Rubber Co. of Canada has made a further contribution to Canada's war effort in loaning its general manager and treasurer, Richard Coulton Berkinshaw, to the Dominion where he will be Director-General of Priorities for the Department of Munitions and Supply.

R. C. BERKINSHAW

This marks the second of Canada's wars in which Mr. Berkinshaw has played an important part.

Following graduation from Osgoode Hall in 1916 he went overseas with the 124th battalion, returning as a major with the 12th battalion, Canadian engineers. He is the second Goodyear executive to go on active service. O. H. Barrett, secretary and general counsel, is overseas with the First Division as a Lieut-Colonel on Headquarters Staff.

Mr. Berkinshaw has completed 20 years of service with Goodyear during the course of which he has filled such increasingly important positions as assistant secretary in 1921, secretary and general counsel in 1926, assistant to the president in 1931, treasurer in 1932 and general manager and treasurer in 1933.

Goodyear has just issued its 1940 annual report making clear the extent to which the company was involved in the war effort.

His experience in one of Canada's leading industries should prove invaluable background for Mr. Berkinshaw's new job. Those associated with him last year, when he was president of the Toronto Board of Trade, emphasize the way in which he inspires confidence in those with whom he is working, his diplomatic method of getting things done and ability to secure co-operation from those around him. Toronto will miss Mr. Berkinshaw when the time comes along for completing the work of co-ordinating charity appeals which he started. Toronto hopes to be able to adopt the community chest idea this year—a project in which Mr. Berkinshaw was very greatly interested.

* * *

Sayings of the Week

"I have four boys and I don't want to see them go to war any more than any mother would. But perhaps there are some things you would rather die than see happen.—*Mrs. Franklin D. Roosevelt.*

* * *

"I will grant that there are 97% probabilities that we may not be attacked, but neither the United States Government nor any Mayor can take that three per cent chance."—*Mayor La Guardia.*

* * *

"We are one family of British-speaking people, and when the family fights, everyone chips in." — *Prime Minister Menzies.*

* * *

"Our people will be guilty of the blindest of crimes if they hope that the money thus poured forth (through huge government expenditures on the war) is to trickle down into their pockets to be spent on personal satisfaction."—*Walter P. Zeller.*

Other People's Views . . . .

The Canadian Editorial of the Week

Safeguards Against Crisis
Winnipeg Free Press

Canada is in its 18th month of war and it is apparent from the amount of public and private discussions now taking place across the country that the anxiety of Canadians over their Government, its strength, health and personnel, its achievements and its failures, is steadily increasing. . . .

Where our war effort falls short of the achievement humanly possible by the maximum employment of ability, judgment, energy and capacity to co-operate, there is always the certainty that, to paraphrase the blunt language of Mr. Bevin, there is prolongation of the war, and the possibility that the shortcomings may be a factor in disaster. "Good enough" is a slogan that may be fatal in wartime . . .

It is vital, if we are to get on with the main job, to forget about party politics.

But the experience of the past year reveals how impossible it is to achieve this unity of thought and action while the composition of the Government shows so clearly that it was originally created in keeping with the party customs, conventions and necessities which rightly govern in the formation of a party administration . . .

What adjustments to deal with these difficulties are advisable, bearing in mind that our sole national purpose is to improve administration, relieve existing strains upon overburdened men, and hasten the efficient production of men and material for war? The easy answer is to say: "Let us form a national Government." But what is a national Government? It is one composed of members of all political parties, selected upon some determined ratio? . . It seems to us that this definition of a "national government" can be at once discarded as useless . . . Our sole experience with union government in 1917-19 revealed this weakness markedly.

Therefore the better way to achieve the desired end would appear to be to effect a Government reorganization by remodelling as swiftly as possible the present system of administration which has now, in the service departments and in the cumbrous, amorphous and overloaded department of Munitions and Supply, reached the breaking point. This would necessitate a re-allocation of functions, the creation of an inner war cabinet composed of men who, because of their very freedom from routine administrative affairs, could develop a long-range, wide-reaching perspective upon national necessities as a whole, and who could act also as trouble-shooters where things go wrong, as they are bound, from time to time, to do.

But re-allocation of functions, though necessary, is only one step toward the goal the nation seeks. Government ought to be strengthened by bringing in new men, men of experience and capacity as administrators and preferably men who have made it clear or will make it clear that they have no immediate or future political interests to serve, but are prepared to take office solely to aid in the effective prosecution of the war. These men may be found in Parliament or in provincial governments or in executive positions in civilian life . . .

Such a reorganization quickly effected would bring untold results in the field of public morale which is going to need this spring and summer every support it can have. It would also magically improve the quality of the war effort in those aspects of it where there is need for immediate and drastic improvement.

* * *

As Others See Us

Canada Must Have the Facts
Durham Chronicle

If there is one newspaper in this country that is doing everything in its power to awaken the Government at Ottawa and the people of the country that Canada is working under wraps in her prosecution of the war, and that something more tangible than speechmaking and platitudes are necessary to put the country "all out" in the production of war material, it is the Toronto Financial Post.

As far back as October of last year the Post pointed out that the 30-day training plan had little of military value to commend it, and was a serious detriment to industry. On the 23rd of this month Prime Minister King expressed the same view. How much loss to the country during the past four months on account of this policy cannot be estimated.

In another column we reproduce an article from The Post headed "Let's Face the Facts," which we commend to our readers. It pretty well expresses the opinions of those who are in close touch with the war efforts of the Government, and as these opinions come from all political shades, it cannot be said that they are expressed for the purpose of criticizing the Government. Rather, the criticisms are made with an honest desire to get ahead with the work we have to do.

We would advise every reader to peruse the article "Let's Face the Facts," and figure it out for himself.

* * *

Public Will Follow
Gore Bay Recorder

If the campaign to promote self-denial and saving among the Canadian people is to be wholly successful, it is very important that all of our governments should set noteworthy examples.

One or two dramatic moves by Ottawa in the direction of economy—even of economies that are hard to take—would do more to convince the Canadian people of the seriousness of the war than all the passionate words in the lexicon. The Financial Post has already suggested the Montreal terminal project as one where steel, labor and money are being used and where work should be suspended until after the war. Another action that would be arresting to public attention and set a useful example would be to shut down the Rideau and Trent Valley canals for the duration of the war. Even as a tourist attraction they are not worth their cost.

* * *

Trying to Be Fair
Hamilton Review

We have no doubt that there is much to criticize, and probably to deplore, in the Federal war administration. Certainly it is not all that it should be. Newspapers throughout the Dominion have become severely critical. Not the least influential or consistent in this respect is the Financial Post. We commend the Post to Mr. Hepburn. This week's leading article on the war effort was typical of its attitude. It began: "Canada's war production, progressing well in many respects, is bogging down in others because . . ." Generally, we think, this is the attitude adopted by most of the government's editorial critics and as we pointed out last week, they are not restricted to the recognized "opposition press."

* * *

The Mail-box

Leave It In

Editor, The Financial Post:

An old village miller in England years ago showed me over his mill. He deplored the white, refined flour fashion. Pointing to bags of "middlings" and and "shorts," he remarked, "Those contain the best part of the wheat."

Why, I ask, take out this "Thiamin," Vitamin B, and put it in again? Leave nature alone! Isn't it common sense to leave "B" in the flour?

A. B. C.

Halifax, N.S.

* * *

For Tourist Trade

Editor, The Financial Post

My congratulations on the editorial in your issue of February 15 re "Tourism is an Export." When you said that the Canadian Travel Bureau has been an orphan at Ottawa, you said it right.

As proprietor of the Peak O'Dawn Hotel, Percé, Que., may I go farther.

Prospects for tourism are better than ever. If our Government is ready to go after this very important export business and do it in a businesslike way, Quebec should have $100 millions tourist business and Canada as a whole, at least $300 millions.

Ottawa's share in this business should be advertising and goodwill. A sum of at least one half of one per cent would be a minimum sum to be granted, equal to $1,250,000 to $1,500,000 to be spent in advertising by Ottawa with the understanding that the provinces would spend an equal amount divided among them according to the business they are getting out of tourism.

Next thing: stop spreading propaganda against tourism business as: rationing of gas, rationing of butter, or any other nonsense.

Let's get the Americans in Canada and they will help us to buy all the gas we need for them, for us, and to win the war.

We in Gaspé are very much tourist-minded and it hurts us very much to see our Ottawa Government so little concerned about such an important item of our war effort as tourism.

J. ERNEST GUITE,
Vice-president, Gaspé Hotelmen.
New Richmond, Quebec.

* * *

P. E. I. Speaks Up

Editor, The Financial Post:

Ronald McEachern in "Canada's Great Competitor, The Argentine," has this to say:

"Two very prominent families here have close links with Canada. Captain John Murchison of Nova Scotia brought the first passenger ship of the famous old Nelson line into this port (Buenos Aires) over 55 years ago. When he retired he settled and founded a stevedoring business. It is now a great enterprise run by his four sons—and probably in part by some of his four daughters."

I cannot understand how Mr. McEachern could have made the mistake of stating that Captain John Murchison came from "Nova Scotia." Captain Murchison was born at Point Prince, Prince Edward Island. Neither he nor his family had any connection with Nova Scotia. He loved his Island home here and maintained a beautiful summer home on his parents' farm, which he visited regularly with his family while he lived. He died July 31, 1939.

JOHN F. WHEAR.
Charlottetown, P.E.I.

* * *

Stop Me If . . . .

A tramp knocked on the door of the inn known as "George and the Dragon." The landlady opened the door, and the tramp greeted her: "Could you spare a poor, hungry man a bite to eat?"

"No." And she slammed the door.

A few minutes later, the tramp knocked again. The landlady once more opened the door.

"Could I have a few words with George?" asked the tramp, grinning sheepishly.

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Week in Business

Merchandise Shortages Handicap Distributors

U. S. Armament Programme and Import Ban Make Certain Classes of Metal Goods Scarce—Canadian Industry Broadens Scope

Difficulty in getting certain classes of merchandise is becoming a major problem among distributors.

Two factors are contributing to this condition. One is the war demand in both Canada and the United States, which is making it increasingly difficult to get goods for civilian needs, the other is the ban placed on imports of certain lines from the United States.

Certain classes of steel and other metal goods are said to be affected especially. One man stated to The Financial Post this week that he was having difficulty getting industrial hardware even to equip some of the new munitions plants being built. Precision-made tools are said to be especially difficult to get. In other cases a scarcity of goods regarded as non-essentials is threatened because these were mostly imported from the United States and cannot be brought in now. These include sporting goods, household appliances etc. Even in the case of goods which can still be imported, a shortage is feared because United States manufacturers are unwilling to manufacture for the Canadian market fearing they may not be able to sell the goods made.

* * *

Some Canadian plants not engaged in war work are turning their attention to making goods formerly imported. A number of cases have come to notice where this has occurred and the manufacturers in question are stated to be building up a nice volume of trade, by broadening their operations.

In many cases, consumers have not yet felt any scarcity as distributors built up large stocks of goods from which they are still supplying their customers. When these are exhausted, however, a possible pinch is seen.

* * *

Progress made in the negotiations between the Dominion and Ontario Governments on the power phases of the St. Lawrence Seaway project is one of the most important non-war developments affecting business. This agreement brings closer the time when an actual start may be made on the work although even under the most favorable circumstances it would probably be some time before that could occur. If work is begun while the war is still on it will add materially to the demand for labor and equipment.

Business generally is awaiting the budget to know what the new taxes will be. Higher taxes are never welcomed but many businessmen feel if they are coming it is better to know what they are in good time so that plans can be made to meet them. Meanwhile the forward trend of business is shown by The Financial Post Business Index reaching a new high record in January over 16% above the December level.

Business Indicators

Current business continues satisfactory with the D.B.S. index for week ended Feb. 15 above previous week but lower than year ago owing to reduced stock exchange operations.

The Financial Post Business Index for January at new high level and 16% above December.

Carloadings for week ended Feb. 15 higher than year ago, total for year to date up 17%.

Lumber exports in January slightly below 1940 level.

Railway gross traffic earnings for third week of February above 1940 level.

Sea fisheries—catch and landed value in January lower than last year.

Cigarette consumption down almost 2% in January from year ago.

Life insurance sales decline 16% from 1940.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus■.

TREND OF BUSINESS—	Feb. 15	Feb. 8	Feb. 1	Jan. 25	Feb. 17/40
Weekly index of business, D.B.S.	108.1	106.1	108.3	107.7	109.0
Commodity prices index no.	85.0	85.0	84.8	84.8	82.5
	Jan.	Dec.	Nov.	Oct.	Year Ago
■The Financial Post business index	°154.6	152.9	153.4	151.7	132.9
Retail sales index no.	....	102.4	95.9	93.7	87.9
■Dept. stores sales index no.	122.6	132.2	128.5	120.9	112.6
Wholesale sales index no.	....	116.4	122.9	133.7	98.2
Country store (% change pr. yr.)	....	+3.8	+15.4	+3.6	+4.0
EMPLOYMENT INDEX Nos., D.B.S.	Jan. 1	Dec. 1	Nov. 1	Oct. 1	Year Ago
All industries	134.2	139.1	139.2	136.2	116.2
Manufacturing	142.5	144.7	144.6	143.8	118.2
Wage earners, no. 000's	....	....	....	2,867	2,545
Living costs weekly budget	■18.26	$18.22	$18.14	$17.87	$17.70
			Jan. 1 to date		%
RAILWAYS	1940-41	1939-40	1940-41	1939-40	Change
■Carloadings (week Feb. 15)	55,093	45,400	359,528	330,667	+8.7
■C.N.R. gross (week Feb. 21) $	4,944,875	4,142,741	35,661,385	30,469,496	+17.0
■C.P.R. gross (week Feb. 21) $	3,235,000	2,783,000	24,747,000	21,118,000	+17.1
■C.N.R. net revenue (Jan.) $	3,150,394	1,671,796	....	....	+88.5
C.P.R. net revenue (Dec.) $	4,806,206	4,381,968	35,639,438	28,523,819	+24.9
IRON AND STEEL—Dec.—					
■Pig iron production (tons)	110,477	94,169	1,168,894	755,731	+54.7
■Steel ingots and castings prod. .... (tons)	185,420	150,106	2,011,172	1,384,870	+45.2
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Dec.)	8,775	7,804	101,767	90,054	+13.0
Factory output ... (Jan.)	11,990	12,579	....	....	—4.6
Trucks and Buses:					
Domestic sales* .. (Dec.)	2,145	2,040	29,150	24,693	+18.0
Factory output ... (Jan.)	11,205	4,634	....	....	+141.8
Financing:					
Used .... (Dec.) $	2,615,650	2,190,844	41,651,440	34,916,119	+19.3
New .... (Dec.) $	2,850,676	2,110,283	33,616,879	27,852,627	+20.7
CONSTRUCTION—					
Contracts awarded .. (Jan.) $	26,579,800	8,844,700	....	....	+200.5
Cement prod., bbls. (Oct.)	1,099,092	680,902	6,627,710	5,104,383	+29.8
AGRICULTURE—					
■Flour prod., bbls. .. (Dec.)	1,076,132	1,599,966	16,254,921	16,887,070	—3.7
Flour exp., bbls. ... (Jan.)	354,818	725,316	......	......	—51.1
Wheat exp., bush. ... (Jan.)	4,880,080	10,357,605	......	......	—52.9
Cattle sales▲ ...... (Jan.)	83,707	83,634	....	....	+0.08
Hog sales▲ .... (Jan.)	532,259	393,198	....	....	+35.4
SEA FISHERIES—‡					
■Catch cwts. .... (Jan.)	591,900	1,025,900	......	......	—42.3
■Landed value .... (Jan.)	653,100	746,500	......	......	—12.5
NEWSPRINT—					
Production, tons ... (Jan.)	261,298	251,032	....	....	+4.1
Exports, tons ...... (Nov.)	276,586	253,997	2,979,336	2,403,432	+23.9
MINING AND OILS—					
■Coal prod., tons ... (Dec.)	1,643,092	1,485,826	17,434,394	15,692,698	+11.1
■Coal imports, tons .. (Dec.)	842,407	1,157,869	17,546,107	13,884,816	+26.5
■Gold prod., fine oz. (Jan.)	461,602	424,381	......	......	+8.7
Crude oil prod., bbl. (Oct.)	817,596	816,257	7,086,161	6,603,374	+7.3
Crude oil imp., bbl. (Dec.)	2,212,246	1,793,830	42,415,300	37,311,430	+13.7
ELECTRIC POWER OUTPUT—(December)—					
Total monthly, 1,000 kw.h's	2,584,341	2,536,242	30,080,248	28,351,514	+6.1
FOREIGN TRADE—♦					
Imports .... (Dec.)	107,289,873	72,109,338	1,081,938,116	751,055,334	+44.0
Exports .... (Jan.)	88,952,659	90,843,837	....	....	—2.0
OTHER INDUSTRIAL FACTORS—					
■Dressed lumber exp.: 1,000 bd. ft. ...... (Jan.)	164,892	167,527	......	......	—1.6
Shoes, prod., pr. ... (Dec.)	2,044,725	2,208,374	26,261,088	25,438,631	+3.2
■Cotton consump., lb. (Jan.)	15,679,582	13,673,514	......	......	+14.7
Raw rubber imp., lb. (Dec.)	16,321,954	6,218,139	113,773,959	70,212,487	+62.0
■Cigarette cons. No.† (Jan.)	623,571	634,272	....	....	—1.6
Sugar manufactured .. lb.§	37,921,156	54,728,387	....	....	—30.7
FINANCE—					
■Bank debits† .... (Jan.) $	2,941,104	2,674,335	......	......	+10.0
Bond sales† .... (Dec.)	326,704	72,719	2,277,999	1,441,751	+58.1
■Life insurance sales (Jan.) $	28,326,000	33,726,000	....	....	—16.0

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Preliminary.
▲Total at yards and plants.
New items for week marked ■
†000's omitted. §For four weeks to Jan. 25. ♦Gold excluded.

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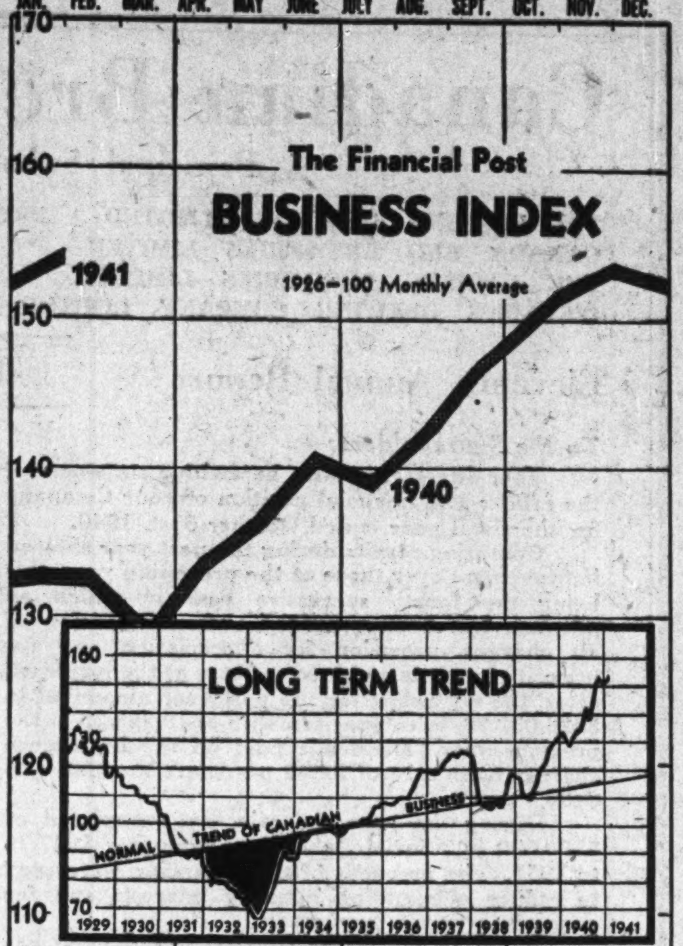

BUSINESS AT NEW HIGH LEVEL

Owing mainly to acceleration in war industries, productive operations in Canada in January were on a higher level than in any other month on record. The Financial Post Business Index was 154.6, compared with a revised figure of 152.9 for December and 16.3% above January, 1940. The maximum reached in 1929 when the previous prosperity cycle terminated was 132.1

Gold and silver shipments rose in January compared with December while the index of coal output was up substantially. The manufacture of sugar showed a decline while the quantity of cigarettes released from bond rose materially. Merchandise exports showed a gain after seasonal adjustment.

Major Economic Factors

	Jan., 1941	Jan., 1940	Increase+ Decrease— %	Dec., 1940
The Financial Post business index*	†154.6	132.9	+16.3	152.9
Bank deposits*	138.5	134.9	+2.7	134.4
Gold receipts .... fine oz.	461,602	435,621	+6.0	415,065
Silver shipments .... fine oz.	1,528,932	1,655,741	—7.7	1,515,441
Sugar manufactured .... lb.	37,921,156	54,728,387	—30.7	164,005,409
Cheese, factory production .... lb.	1,134,724	1,708,145	—33.6	1,753,590
Butter, creamery production .... lb.	11,672,247	10,444,259	+11.8	12,192,243
Newsprint production .... tons	261,298	251,032	+4.1	252,897
Planks and boards exported .... M. ft.	164,892	167,527	—1.6	190,249
Shingles exported .... squares	249,586	173,334	+44.0	83,744
Automobile production .... no.	23,195	17,213	+34.8	23,364
Cotton consumption .... lb.	15,679,582	13,673,514	+14.7	16,182,308
Carloadings .... no.	228,536	210,229	+8.7	231,271
Contracts awarded .... $	26,579,800	8,844,700	+200.5	16,918,300
Bank debits .... 000 $	2,941,104	2,674,335	+10.0	3,208,348

†Preliminary. *1926 equals 100.

Keeping Posted . . . .

By J. C. KIRKWOOD

Here's something likely to astonish you: A book written by a German is a textbook used by both the R.C.A.F. and the Royal Air Force. The title of this book is "Medical Guide for Flying Personnel," and the author is Heinz von Diringshofen, chief surgeon of the Luftwaffe. The book was published in Berlin in 1939. It was translated into English because of its thorough discussion of the medical problems involved in strenuous combat and altitude flying. A bit of wisdom contained in the book is: "Every flier ought to be fully aware that it is easier to replace a machine than a fully trained pilot, observer, or radio operator." There have been times when the German High Command seemed to disregard this teaching.

JOHN C. KIRKWOOD

A grippingly interesting article based on this German book appears in the February issue of Canadian Aviation. It is written by Roy Davis and tells about what the Luftwaffe (German Air Force) has learned about the effects of altitude on men. Football, handball and hockey are considered superb in preparing fliers for team work. The most valuable sports are skiing and mountain climbing, for both lead to the improvement of endurance of altitude. Aviators are advised to consume balanced and easily digested food, avoiding voluminous and gas-producing types. Pilots are told not to wash or shave before a flight so as to preserve a measure of defense against penetrating rays which can cause serious sunburn in the heights. They are taught that a tired person can accomplish little. The use of alcohol before flights is absolutely prohibited.

* * *

When Walking in the Dark

"When walking after dark tonight, for safety's sake wear something white"—so begins an advertisement in a London newspaper; and it went on to say: "For the pedestrian: remember that when you can see the motorist, the motorist probably can't see you. So wear or carry something white or luminous." It is stated that in a single month there were 1,146 road deaths, "most of them avoidable." The advertisement was unsigned, but the presumption is that it was inserted by a department of the British Government.

The air-raids on London have not depressed the writer of the advertisement being published in London newspapers by the London Transport System.—A series of "jingle" advertisements captioned "Billy Brown of London Town." Here's a specimen jingle:

"You see, my dear," said Billy Brown,
"How transport services in town,
Begin their main rush hours at 4
(Much earlier than before the war).
And so, when shopping, it's my view
That you and other shoppers too,
Should try to start for home by 3."
"I will, my dear," said Mrs. B.

* * *

Loan Cars

"Can you lend me a car?" This question, put to a serviceman in a garage by a customer who leaves his own car for a repair or overhaul job, is a headache of the garage business. So the editor of Canadian Automotive Trade had Edward Booth, the Montreal representative of this publication, make a local investigation among garage operators. "In Montreal," says Mr. Booth, "no garageman have I found other than averse to this car-lending practice—it is declared to be a bother, unprofitable, expensive, undesirable from any angle. At least one service manager has told me that as a routine practice he adds $3 a day to estimated time for doing all major repair jobs with the possible request for a loan of a car in mind." One garage operator who maintains two or three "courtesy" cars to meet customers' requests has painted them, with malice aforethought, such a bilious greenish yellow that no motorist with normal eyesight or color sense will sit in them!

* * *

Western Ontario History

Alexander Dunlop wrote a superlatively good letter to "dear Janet" on June 15, 1827, telling about a visit made by him to Ontario, particularly Western Ontario, in that year. Dundas is described as being "a sweet little village." Waterloo was then a Dutch settlement. "The people are a colony from a Dutch settlement on the Hudson and speak very little English." "We entered the forest of Guelph," writes Mr. Dunlop, "containing 50,000 acres. I measured one beech tree; it was 20 feet in circumference. The site of the town (Guelph) has been chosen because it is nearly equidistant from the four lakes—Huron, Erie, Ontario and Simcoe." Brantford was a "neat, small town containing 2,000 people.

Mr. Dunlop's long, graphic and immensely entertaining letter appears in the March 1st issue of Maclean's Magazine. It will surely have a wide reading in the Western Peninsula.

* * *

Rentable Baths

I like the story appearing in the January issue of Sanitary Engineer. It tells about workmen's homes erected for the employees of the company at whose top was the late Sir Robert Hadfield. Sir Robert had urged the installation of bathroom amenities. His co-directors pooh-poohed the idea, declaring that the tubs would be used for storing coal. But Sir Robert had his way. Later he visited the tenants of these cottages, and asked, "Do you like the baths?" The answer was "yes," and one woman said, "It helps us to pay the rent," and she went on to explain that persons living in houses lacking bath facilities paid her fourpence for the privileges of her bathroom. In these present times in Britain it is possible and probable that many houseless people are getting their tubbings in other persons' homes.

* * *

Hotel Problem

Bolton, a village in Peel County, Ont., owns a hotel, much against its will. It had to take over the only hotel in the place because the taxes were in arrears, amounting to $1,500. The village has rented the hotel to its former owner for $15 a month and he is under obligation to pay the taxes due by April of this year.

Bolton is not the only municipality that has had to go into the hotel business for a like reason. Here's a problem for merchandising men: If you had to propose ways and means by which a hotel in a small community can be made a dividend producer, what would you suggest?

Ontario Hydro Peak Load Up

Primary Power Continues to Rise With Secondary Less Important

Power load reported by Hydro-Electric Power Commission of Ontario for January this year shows a continued gain over a year ago. In primary power load, the peak demand was 4.3% higher this year.

All systems of Ontario Hydro showed gains. For the industrially important Niagara System the gain was 3% while there was a 26% gain for the Georgian Bay System.

Report on primary and secondary power loads. combined shows Thunder Bay and Northern Ontario Systems with substantial declines. This is due to the fact that no secondary power was sold in these sections of the province this year. The result is that the combined maximum peak load is down 1.1%.

System:	—January— 1941	1940	Incr.
	Max. 20-min. peak —H.P.—		%
Primary Loads			
Niagara	1,326,273	1,288,070	+3.0
Eastern Ont. ..	151,606	137,556	+10.2
Georgian Bay .	44,212	35,095	+26.0
Thunder Bay .	95,509	86,488	+10.4
Northern Ont. .	202,934	198,717	+2.1
Total	1,820,534	1,745,926	+4.3
Primary and Secondary			
Niagara	1,530,965	1,500,268	+2.0
Eastern Ont. .	151,606	143,856	+5.4
Georgian Bay .	44,212	37,005	+19.5
Thunder Bay .	95,509	120,697	—20.9
Northern Ont .	202,934	246,304	—17.6
Total	2,025,226	2,048,130	—1.1

Halifax Shipyards Plans New Drydock

From Our Own Correspondent

MONTREAL.—Halifax Shipyards Ltd., wholly owned subsidiary of Dominion Steel & Coal Corp., has filed plans with the Federal Minister of Works covering the construction of a proposed railway drydock to be built at Dartmouth on the eastern shore of Halifax Harbour. No further particulars are available at this time.

Quebec to Adjust Old Age Pensions

From Our Own Correspondent

MONTREAL. — Scale of Quebec Province's Old Age Pensions will be readjusted so that a more adequate distribution of the funds available can be made, according to J. R. Forest, president of the Old Age Pensions Commission.

C.N.R. January Net At Peak

$3.2 Millions Reported For Month — Up $1.5 Millions

From Our Own Correspondent

Montreal.—Net revenue of Canadian National Railways all-inclusive system in January reached a record high for any similar month in the company's history of $3.2 millions. This compares with net of $1.7 million in the same month last year, an increase of $1.5 million.

Net operating revenue during the month totalled $20.9 millions, compared with $17.6 millions in January, 1940. Operating expenses rose to $17.8 millions from $15.9 millions in the preceding year.

Operating Statement

January:	1941 $	1940 $
Operating revenue ...	20,926,967	17,601,735
Less: Oper. exp.	17,776,573	15,929,939
Net revenue	3,150,394	1,671,796

Japs Still Get Logs From B.C.

No Ban on Shipments to Axis Partner Arouses Complaints in B C.

From Our Own Correspondent

VANCOUVER. — Although Canada has banned export of metals from Japan, logs are still moving across the Pacific from west coast forests to be used in the pulp mills of Kobe and other Japanese industrial centres.

The logs are chiefly hemlock and balsam cut from timberlands owned by Japanese at the north end of Vancouver Island. It is estimated that more than 40 million board feet of these logs has been shipped during the past two years—the equivalent of about eight full shiploads.

Vancouver Island business interests have been protesting this movement of raw material to the Oriental partner of the Axis, as it is claimed that such exports merely strengthen the war economy of a potential enemy of the British Empire.

Charges have been made that the logs are loaded above deck on Japanese cargo ships which carry metals from the United States below deck. However, it is unlikely that many more logs will be shipped, according to exporters here, as the cost of transportation is too high.

Japanese, however, still hold about half a billion feet of timber on Vancouver Island and they will probably try to liquidate most of it in the domestic market.

Douglas fir logs have been banned from export by the Timber Control Board.

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Quick Action ON YOUR PLANT BUILDING NEEDS

● The Johns-Manville mine at Asbestos, P.Q., is the largest operating asbestos mine in the world. The modern J-M plant can be seen in the foreground and the mill buildings are shown in the centre background.

JOHNS-MANVILLE'S great Canadian Mine, Mill and Factory Work "overtime" to Meet Industry's Demands

LIKE other great Canadian industries, Johns-Manville has geared itself to meet the increasing demands of today's vital emergency. And as owners of the largest asbestos mine in the world, Johns-Manville is doing a two-fold job. Every day hundreds of tons of rich asbestos-bearing ore are taken from the vast crater-like pit, processed in the J-M mill and shipped "across the line". These steady shipments of valuable asbestos fibre total well over a hundred thousand tons every year. Annually it brings Canada millions of dollars in U. S. currency to buy tanks and trucks, aeroplanes and armour plate, shells and ships.

Johns-Manville's other job is equally vital. J-M is rushing production on materials essential to plant expansion and modernization. To industrial executives, faced with urgent construction jobs, J-M offers a 3-way service providing QUICK DELIVERY on essential materials; PLANNING ASSISTANCE on building, expansion, modernization; TIME AND COST SAVINGS resulting from fast, labor-saving application methods. A telephone call, wire or letter to your nearest Canadian Johns-Manville office will get *quick action*.

Jobs J-M Does Better! No. 2

BUILT-UP ROOFING
Felt, pitch and gravel roofs for flat-deck construction
Leading Canadian industrialists, like Ferranti Electric Limited, (the J-M roof illustrated above was applied on Ferranti Electric's Mount Dennis plant in 1938), call on Johns-Manville for fire-, weather- and wear-resisting Built-Up Roofs. Included in the wide range of high-quality, J-M Built-Up Roofs are several types of felt, pitch and gravel roofs for flat-deck construction. Every J-M roof is backed by Johns-Manville's 82 years' experience . . . tried and tested in J-M's own laboratories.

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Bren Deal Renews Old Features

Major Contract on Fee Basis Fuses New and Former Plans

Important features of the original Bren gun deal were salvaged in cancelling the old contracts, and renewed in the fresh contracts with the John Inglis Co. of Toronto.

The contracts are the first and only examples made public to date, in detail, of the 150 management fee agreements which cover operations in war plants financed and owned by the Government. Analysis of the fresh agreements and of the extent to which they carry on the old gun deal, is thus of special interest in appraising the basis of major phases of the war supply programme.

Highlight of the partial status quo is that the company retains ownership of the original Bren plant. The Government has not assumed full ownership of the entire plant—new and old—as was previously indicated in some quarters.

Retention of former provisos is contrary to the widespread impression, based on official reports and press dispatches. It was intimated the present agreements set up an entirely new basis of operations and completely revised the relationship between the company and the Government.

Cancellation Confirmed

Study of the new contracts and supporting documents, as tabled last week in Parliament, confirms in so many words that the old contracts as a whole have been "cancelled," and "superseded" by the present deal. And the new contracts drastically change the main provisions under the old cost-plus set-up. This applies especially in regard to the basis and amount of profit to the company, the scope of operating costs assumed by the Government and, of course, the nature and volume of production.

But the new contracts also perpetuate various provisions of the original contracts, in some cases with the same or similar wording. In other cases, modifications fail to change the basic purport. Some of the features retained were among the most significant of the old contracts, and were major points of dispute in the enquiries which followed criticism of the original deal.

Depreciation Item Kept

Notable item carried over from the old to the new contracts is the depreciation allowance on buildings and equipment owned by the Inglis company, and used in performance of the new contracts. The rates of depreciation are the same as before, and on the same valuation ($280,000) as the original Bren plant, plus the cost value of certain additions. However, the rentals previously allowed on the company's own buildings and equipment are specifically excluded now from cost items to be borne by the Government.

Inclusion of the depreciation item is one of several indications in the contract that the company still owns the original nucleus of the spreading arms plant. The contracts refer at various points to "the contractor's existing plant," "the contractor's buildings," and "the buildings, machinery and equipment owned by the contractor." There is a distinction drawn between these properties on the one hand and the plant extensions, new plant units, and equipment embraced by the expansion programme started last summer, to be paid for and owned by the Government. Also owned by the Government, of course, is the bulk of the machinery, etc., in the original Bren unit.

Stock Sale Clause

One important provision of the old contract is transferred in its entirety, word for word, to the new agreement and is to "remain in full force and effect." This is the famous Clause 1 of the original contract (now clause 32a), granting the company a ten-year license to manufacture Bren guns in Canada, with provision for renewal.

This clause carried a rider which was the subject of much controversy, providing for cancellation of the license if proceeds from sales of company securities were "not directly applied to the business" of the company. This was inserted by the inter-departmental committee which reviewed the original contract before it was signed, to curb undue stock trading or manipulation and accrual of excessive profits on stock holdings of the company's promoters.

Strong question was raised in the past as to the effectiveness of this stock sale clause to serve its purpose. Doubt prevailed especially in regard to any disposition that might be made of the vendor stock allotted to Major J. E. Hahn, company president, and his associates, in connection with acquisition of the plant and property of the old John Inglis Co. Of the company's 250,000 shares of authorized capital, over 191,000 shares valued at $1.1 million were issued as vendor stock, in addition to the treasury stock subscribed to provide initial working capital and cash for property purchase.

As embodied in the new contract, the stock sale "stopper clause" is unchanged from the old agreement, and thus remains unclarified and unstrengthened.

Another provision retained in the new contract is the clause excluding members of Parliament of both Canada and the United Kingdom from any share or benefit in the contract. A curious feature of this, however, is that Canadian Senators and members of the British House of Lords appear to be no longer covered by the clause, as they were in the original contract.

The original clause applied to "members of the Senate and House of Commons of Canada or of the Parliament of the United Kingdom." The section in the new contract, according to the copy furnished The Post, applies only to members of the Commons of Canada and the U.K. and of the Senate or House of Commons of Northern Ireland.

Wider Safeguard

The safeguard provided by this clause is considerably widened by an outstanding and entirely new section of the present contract. This in effect records a guarantee by the company that no inducement has been paid or offered to any Government official for help in obtaining the contract. The clause reads:

"The contractor covenants and warrants that no bribe, gift, gratuity or other inducement has been paid, given, promised, held out or offered to any official or employee of the Canadian or British Governments, or any department thereof or any other government or department, for the purpose of or with a view to the obtaining by the contractor of this contract. The contractor also warrants that it has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage or contingent fee.

"Breach of either of these warranties shall give the Minister (of Munitions and Supply) the right to annul this contract, or in his discretion to make such deduction from the fees payable to the contractor as he may think fit."

It may be noted that this gives the Minister the right to "annul" the contract, which is even more decisive and drastic than the sweeping powers given the Minister in other clauses to change, suspend or terminate the contract. The latter powers allow the Minister to make adjustments to compensate the contractor if necessary.

Extra Protection

Another new safeguard in the present contracts deals with materials or parts purchased from "allied firms." It specifies that the cost to the Inglis Company for such materials or parts, or labor performed, shall "be deemed to be not greater than the actual net cost thereof to such allied firm" or the cost of procuring them from other sources, whichever be less.

In the early part of the contract the term "allied firm" is defined as meaning: "Any firm, company or corporation which directly or indirectly controls or is controlled by or is affiliated with the contractor, and includes any individual or individuals directly or indirectly controlling the contractor or any such company or corporation as aforesaid."

Two Contracts

One of the new contracts is a capital expenditures contract, chiefly covering the advance of Government funds totalling $13,095,171 for the construction and equipment of the new plant units. The other is the production contract, dealing mainly with actual production of guns, division of costs as between the Government and the company, and the management fees which replace the 10%-of-cost profit allowed under the old contracts. Production is to be for both the Canadian and British Governments, but the proportions are not specified.

In both contracts it is stipulated that the amounts payable to the company on the number of guns and spare parts called for by the old contract shall be less than would have been payable under the original deal. How much less is not specified or indicated, but calculations from the figures cited in the contract point to a saving of more than half, in the compensation or profit to the company on the original quantities of guns and spare units.

Fees on Old Deal

The present production contract discloses that orders under the old deal called not only for supply of 12,000 complete Bren guns to the Canadian and British Governments, as set forth in the original contract, but also 7,000 extra barrels, 168,000 extra magazines, and miscellaneous spare parts. The new contract allows management fees at the rate of $12.50 per complete Bren gun, $2.50 per extra barrel, and 15 cents per magazine. These rates are to be retroactive to cover production turned out prior to cancellation of the old deal.

On this basis, the company will receive on the quantities of the original contract fees amounting to $150,000 for complete guns, $17,500 on extra barrels, and $25,200 on extra magazines; or a total of $192,700. Under the old contract, the profit payable to the company on the 10%-of-cost basis was limited to a gross of $457,700. In the absence of any figures showing actual costs under the old contract, it is difficult to estimate what profits would have run. But available indications are that they would have been close to the limit set by the original deal.

Fee 3% of Cost

The management fee represents "about 3% of the cost of the equipment to be produced in those Government arsenals" operated by the Inglis company, it was estimated in Parliament this week by Hon. C. D. Howe, Minister of Munitions and Supply. Because of the accounting and other difficulties of operating in the original plant under the old contract and in the new Government-financed units under the fresh management fee basis, Mr. Howe explained, it was decided to replace the old deal with a single "blanket contract" to put all Inglis operations on the same contractual basis.

Mr. Howe said the flat rate fees in dollars had been figured out on the basis of 3% of cost, based on the price for which Bren guns are being purchased in the United States. If the company turns out guns faster than scheduled, it would make more money but the Government would be well pleased. If the cost can be cheapened, the company fees will represent somewhat more than 3% of cost, but "certainly not more than 4%," said Mr. Howe.

New Basis

Under the new contracts, the total profits or fees accruing to the company will depend on the speed with which the new plant units are put in production, the rates of production attained, and the duration of the war. However, the production contract gives a firm commitment for minimum amounts of Bren and Colt-Browning guns, with spare parts or components. The company is authorized to produce these without restriction of any additional volume to be ordered or the expanded rates of production to be attained.

Extending these minimum amounts appears to assure the company fees of at least $524,700, as follows:

	Min. No. of units	Fee per unit $	Total min. fee $
Bren guns (complete)	*15,500	12.50	193,750
Extra Bren barrels	*29,500	2.50	73,750
Extra Bren magazines	†168,000	0.15	25,200
Colt-Browning aircraft guns	16,000	13.50	216,000
Extra Colt-Browning barrels	16,000	1.00	16,000
			$524,700

*Including amounts called for under original contract and subsequent orders.
†Same as stipulated under original contract.

Future Prospects

Actually, the total of fees earned by the company promises to be much larger. To begin with, it is to get an engineering fee of $150,000 for services in connection with the design, construction and equipment of the new plant units. Furthermore, the rates of production estimated for the plant, on completion of its various additions, indicate that the minimum volumes set will only require a few months to a year to turn out.

However, the company is allowed a deadline of Aug. 1 next to attain production of Bren guns, barrels and magazines at the increased rates set in the contract (15,300 a year for guns). Provision to increase this rate to 25-30,000 has been made since the turn of the year, and the deadline will presumably be later for this new date.

The company is to begin production of Colt-Browning aircraft machine guns not later than July 1 next, and of Colt-Browning tank guns by Nov. 1, 1941. The estimated rate set in the contract for Colt-Browning guns is 3,750 a month or 45,000 a year.

Howe Statement

The recent statement by Hon. C. D. Howe, Minister of Munitions and Supply, that the present contract called for an output of 97,500 guns a year, instead of 5,000 a year as contemplated under the original deal, appears to have been based on three items. These are: a midway figure of 27,500 from the output of 25-30,000 for Bren guns as recently provided for; the 45,000 a year figure set for Colt-Browning guns in the contract; and an estimate of 25,000 sub-machine guns a year.

The sub-machine guns are not specified in the new Bren contract. But production of "other types of guns" is provided for, and manufacture of sub-machine guns was covered in one of the orders-in-council supplanted by the new contracts.

This analysis of Mr. Howe's figure does not include the Boys anti-tank guns, production of which by the Inglis company at the rate of 1,500 a month (18,000 a year) was provided for by order-in-council of Jan. 29 last. By including the Boys gun figure in place of the sub-machine gun rate, and slightly varying the Bren and Colt-Browning gun output rates, it is possible to get a figure closely approximating Mr. Howe's total of 97,500.

But, on either basis the deadline dates in the new contract indicate that it will be the end of the year before the full output is attained at the rate set by the Minister.

How Deal Developed

The main sequence of events so vastly expanding the scope of the Inglis company's operations and leading to the new contracts, is reflected as follows in the documents tabled at Ottawa:

Aug. 24, 1940 — Order-in-council confirmed earlier "go ahead" letters of instruction and authorized the Inglis company to spend up to $5,662,000 on erection and equipment of a plant extension (or new plant) for production of Colt-Browning aircraft machine guns; at the rate of 25,000 a year. Deliveries to begin not later than July 1, 1941.

Aug. 27, 1940 — Order-in-council confirmed "go ahead" letter to the Inglis company directing construction and equipment of new plant for manufacture of automatic sub-machine guns at the rate of 25,000 a year, in a building to cost $225,000.

Aug. 30, 1940—Order-in-council authorized the company to spend up to $407,805 to extend its plant and install equipment, for the purpose of stepping up output of Bren gun barrel assemblies to a rate of 2,000 a month, commencing March 1, 1941. It was stated in the order-in-council that this was being done at the request of the British Government.

Oct. 19, 1940—Order-in-council authorized the company to increase facilities for manufacture of Colt-Browning machine guns, by erection and equipment of a new plant at a total cost estimated at $4,338,510, plus duties, taxes, freight, and exchange premium. Production was stipulated to be of one of three types of Colt-Browning machine guns—for use in tanks, aircraft or by infantry—and at the rate of 25,000 a year.

Oct. 19, 1940—Order-in-council authorized the company to spend for the Government up to $1,357,289 (plus duties, taxes, etc.) for a new plant with production capacity of 5,000 Bren guns a year. This was designed to step up annual rate of Bren gun output to 15,000 complete guns.

Nov. 29, 1940 — Two orders-in-council supplanted and consolidated all of previous orders, authorized the cancellation of the original Bren contracts, and provided for two new contracts for production of Bren, Colt-Browning and other types of guns. The contracts as signed were made effective as of Oct. 31, 1940.

Jan. 29, 1941—Order-in-council authorized outlay by the Inglis company of up to $3,325,216 for new buildings and equipment for production of Boys anti-tank rifles at the rate of 1,500 a month or 18,000 a year. Ownership of the plant to be vested in the Canadian Government, and of the equipment jointly in the Canadian and British Governments.

Feb. 5, 1941—Order-in-council authorized the company to spend in behalf of the Government a total of $841,064 for additional machinery and equipment for its Bren plant, to enable production of Bren guns to be increased from 15,000 to 25-30,000 a year.

The expansion of the Inglis company's gun producing operations had been undertaken, the Supply Minister told Parliament this week, because "a great demand for automatic guns had developed in both Canada and Great Britain."

Division of Costs

By and large, the costs to be borne by the Government under the new contracts are much the same as those allowed under the old contracts, with certain specified exceptions such as interest, legal fees, rentals of buildings, and salaries of top officials. The main groupings of costs to be allowed are summarized as follows:

1. Manufacturing cost, this being specified to include direct materials, productive labor, direct engineering labor, miscellaneous direct factory charges, indirect factory expenses, other manufacturing cost.
2. Miscellaneous direct expenses.
3. Miscellaneous indirect expenses.

Cost Details

The items of manufacturing cost are cited in greater detail in further explanatory clauses. Miscellaneous direct factory charges are to include any royalty payable. "Indirect factory expenses" are specified to cover factory overhead, including costs of labor, materials, power, light, heat, etc., for plant maintenance and supervision; recurring fixed charges such as property taxes, fire insurance premiums on the contractor's own buildings used for the contract, and depreciation allowance on buildings and equipment owned by the Inglis company and used for the contract.

The basis for depreciation allowance is outlined in terms almost identical with the original contract. Wording has been inserted to cover additions by the company, since the date of the original contract, to company-owned facilities for purposes of the contract. The facilities at the time of the old contract are valued at $280,000, as in the original agreement, and subsequent additions are to be taken at cost. As before, depreciation rates allowed are 2½% on brick or stone buildings, 5% on wooden buildings, 10% on machinery.

Other Expenses

Indirect factory expenses are also to include purchasing expenses, and employee welfare costs, including company contributions to Dominion unemployment or health funds. Specifically excluded are payments deducted from employees' pay and pension or retirement payments.

Also allowed are items "not properly chargeable to factory costs," such as experimental and development charges; fees paid for tests, travelling expenses, administrative and office maintenance expenses, and any other items the Minister of Munitions and Supply may consider properly chargeable.

Costs Excluded

The new contract cites a lengthy list of items which are definitely excluded from costs payable by the Government. Under the old contract, several of these items now excluded were chargeable in whole or part as costs of production to be paid by the Government. Other costs allotted to the company by the new deal were either not mentioned in the cancelled contract, or it was not made clear how they were to be absorbed.

The expenditures which the new contract says must be borne by the contractor are set forth in a list of 20 items. These are summarized below with the formerly allowed items in bold type.

Disallowed Costs

1. **Allowances for interest** on invested capital, bonds, debentures, bank or other loans. (The old contract allowed interest on bank loans to provide additional plant.)
2. Entertainment expenses.
3. Dues and other memberships.
4. Donations.
5. Losses on other contracts.
6. Losses from sale or exchange of capital assets.
7. Depreciation on buildings and equipment apart from that provided on company-owned facilities used for the contract.
8. Fines and penalties.
9. Amortization of unrealized appreciation of values of assets.
10. Expenses, maintenance and/or depreciation of excess facilities not owned by the Government.
11. Increases in reserves for contingencies, repairs, compensation insurance (as opposed to payments under workmen's compensation laws), and guaranteed work.
12. Dominion and provincial income, excess profits or surtaxes.
13. "Unreasonable compensation" for officers and employees.
14. Bond discount or finance charges.
15. Premium for life insurance on the lives of officers.
16. **Legal and accounting fees** in connection with reorganizations, security issues, or capital stock issues. (The old contract allowed "legal costs in connection with the performance of this contract," subject to approval of the Government.)
17. Losses on investments, bad debts and expenses of collection.
18. Advertising and selling expenses.
19. **Rentals on contractor's buildings and equipment.** (Under the old contract, the rental or rental value of buildings, equipment or property used for the contract was allowed as a cost payable by the Government, subject to provision for refunds under certain circumstances.)
20. **Salaries or other remuneration** of the president, vice-president, general manager, secretary and treasurer, and any amounts paid to any director as such. (The old contract included as an allowable cost the salaries of "executive officers and others not otherwise provided for," subject to Government approval.)

Nickel Deliveries Double Previous Peak Level

Starting the latter part of 1940, deliveries of nickel have been about double that of any previous year, Robert C. Stanley, President of International Nickel Co. of Canada, reports.

Greatly increased supplies have been made possible through progressive expansion by International Nickel, in mining, smelting and refining capacity. Despite loss of the Falconbridge Nickel refinery, the entire nickel matte production of that company is now being refined in Canada for the British and United States markets. The British Empire and the United States together are sharing all of the supplies of nickel which prior to the war were serving needs of the rest of the world.

Immediate calls for nickel by the nickel consuming industries in the United States are considerably larger than the supply which is now being provided. It is stated to be questionable, however, whether the actual United States needs for nickel as reflected by the consumption of the products of the nickel-consuming industries exceed the available supply. There are evidences of overbuying.

Studies indicate that supplies will be adequate for national defense programmes and also should provide for a volume of commercial requirements. The supply is being allocated to consumers as equitably as possible after consideration for many relevant factors.

Canadian Breweries Limited

Principal Subsidiary Companies

THE BRADING BREWERIES LIMITED • BRITISH AMERICAN BREWING COMPANY LIMITED
CANADA BUD BREWERIES LIMITED • CANADIAN BREWERIES (QUEBEC) LIMITED
THE CARLING BREWERIES LIMITED • COSGRAVE'S DOMINION BREWERY LIMITED
O'KEEFE'S BREWING COMPANY LIMITED • O'KEEFE'S BEVERAGES LIMITED

Eleventh Annual Report • Year Ended October 31st, 1940

To the Shareholders:

Your directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ended October 31st, 1940.

Operating results during the past year showed improvement over those of the preceding year, this being the fourth successive year in which an advance has been recorded. After deduction of all charges, provision for depreciation and for minority interests and income taxes at the increased rates, the net profit for the past year amounted to $525,032.78, in comparison with $519,288.32 in the previous year. Dividends paid on the preference shares at the rate of $2.50 per share amounted to $408,193.00.

During the year the sale was completed of $500,000 5% Serial Debentures maturing 1947 to to 1951. The proceeds of this financing were used to reduce outstanding minority interests and for general corporate purposes.

Since the end of the fiscal year judgment has been given in the Exchequer Court of Canada awarding your wholly-owned subsidiary, The Brading Breweries Ltd., Ottawa, $550,000 for its real estate. This transaction is not reflected in the Balance Sheet of the Company as of October 31st, 1940. Arrangements have been made to lease the plant from the Federal Government for a sufficient period of time to enable the Company to rebuild.

Further extensive improvements were made to some of the Company's plants, thereby increasing their capacity and making them among the best equipped on the North American continent. The care devoted by the Company to the maintenance of the most up to date equipment in its plants is, in a large measure, responsible for the excellence of its products which are steadily winning added favour with the public.

Your Company has been a leader in the matter of providing for the well-being of its more than one thousand employees. During the year a plan for hospitalization insurance for employees and their dependents was added to the previous benefits of group life, sickness and accident insurance and the retirement income plan. We believe that all the foregoing measures are of inestimable benefit to your employees and their families, and tend to make for greater efficiency in the operations of your Company.

Your Directors wish to record their appreciation of the loyal and efficient services rendered by the officers and employees of the Company during the period under review.

Submitted on behalf of the Board of Directors.

E. P. TAYLOR,
President.

Toronto, February 18, 1941.

CANADIAN BREWERIES LIMITED AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet at the 31st October, 1940. Statement I

ASSETS

Current Assets:			
Cash on Hand and in Bank ....$		295,482.57	
Investments including shares in Brewing Companies (Quoted Market Value $512,773.19)		541,019.49	
Accounts and Bills Receivable less Reserves for Doubtful Accounts		276,748.18	
Stocks of Beer and Supplies valued on the basis of cost and Containers on the basis of cost or replacement values as certified by responsible officials		1,990,957.93	
			$ 3,104,208.17
Cash in Hands of Trustee for Debenture Holders			40,658.43
Prepaid Expenses including $73,975.91 for Discount and Expenses in connection with the issue of Debentures			331,905.22
Fixed Assets:			
Land		$1,045,335.03	
Buildings	$4,254,223.67		
Plant and Equipment	5,079,438.91		
	$9,333,662.58		
Less: Reserves for Depreciation	2,216,592.78		
		*7,117,069.80	
			8,162,404.83
Sundry Properties and Investments including interest in Affiliated Companies and Subsidiary Companies not consolidated—at book values less reserves..			505,882.63
			$12,145,059.28

*Buildings, Plant and Equipment with the exception of certain assets included at a net book value of $531,991.62 are valued on the basis of appraisals made by the Dominion Appraisal Company Limited at various dates in September and October, 1939, plus subsequent additions at cost.

We have examined the books and accounts of Canadian Breweries Limited and of its Subsidiary Companies for the year ended the 31st October, 1940. In connection therewith we tested accounting records and other supporting evidence and made a general review of the accounting methods and of the Profit and Loss and Surplus Accounts for the year. All our requirements as auditors have been complied with.

We report that, in our opinion, based upon such examination the accompanying Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Canadian Breweries Limited and its Subsidiary Companies as at the 31st October, 1940, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

DATED at Toronto, Ontario, February 15th, 1941.

LIABILITIES AND CAPITAL

Current Liabilities:			
Accounts Payable and Accrued Liabilities (including lien notes $13,218.00) .$	708,552.68		
Dominion of Canada and Province of Ontario Income Taxes due and accrued	384,538.36		
Note: Excess profits tax included at estimated amount subject to determination of standard profits.			$ 1,093,091.04
Mortgages Payable and Purchase Agreement Liability — Secured ($19,963.50 due within six months)			160,588.50
Debentures—Secured by First Mortgage: Authorized	$2,500,000.00		
Issued:			
5½% Series "A" Sinking Fund Debentures due the 1st April, 1946, redeemable before and at maturity at a premium of 2%: £300,000-0-0 Sterling at $5.00 to the £.	$1,500,000.00		
80,000-0-0 *Less:* Redeemed.......	400,000.00		
£220,000-0-0	$1,100,000.00		
3½%, 4%, 4½% and 5% Series "B" Debentures maturing in annual instalments of $75,000.00 on the 1st April in each of the years 1941 to 1943 inclusive and $100,000.00 in each of the years 1944 and 1945 and 1947 to 1951 inclusive, redeemable before maturity at a maximum premium of 2%—$1,000,000.00 less $75,000.00 matured and retired to date	925,000.00		
			2,025,000.00
Minority Interests in Subsidiaries......			842,768.20
Capital and Surplus represented by:			
Authorized Capital:			
250,000 $3.00 Cumulative Sinking Fund Convertible Preference Shares of no par value.			
1,500,000 Common Shares of no par value.			
Issued Capital:			
163,428 $3.00 Cumulative Sinking Fund Convertible Preference Shares of no par value......	$3,893,274.57		
228 *Less:* Redeemed	5,431.42		
163,200	$3,887,843.15		
675,195 Common Shares of no par value	1,026,213.65		
Capital Surplus including Surplus arising from Appraisal of Fixed Assets—Statement II............	1,621,824.83		
Distributable Surplus—Statement III	1,487,729.91		
			8,023,611.54
Contingent Liabilities: Sundry Guarantees, etc. ....$	58,246.06		
			$12,145,059.28

Notes: (1) Dividends on the Cumulative $3.00 Preference Shares were $6.75 per share in arrears at the 31st October, 1940.
(2) Option rights expiring the 1st October, 1945, not exceeding 150,000 Common Shares at from $8.00 to $10.00 per share are outstanding in connection with Series "A" Debentures issued.

Approved on behalf of the Board, E. P. TAYLOR, *Director.*
K. S. BARNES, *Director.*

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ended the 31st October, 1940. Statement IV

Profit from Operations before charging Depreciation, Income Taxes and other Items as set out below	$1,427,755.89
Miscellaneous Income (net)	67,204.54
	$1,494,960.43
Less:	
Bank and other Interest	123,508.27
Net Profit for Year before providing for Depreciation and Income Taxes	$1,371,452.16
Provision for Depreciation	471,806.63
Net Profit for Year before Income Taxes	$ 899,645.53
Provision for Dominion and Provincial Income Taxes	340,200.00
Net Profit for Year	$ 559,445.53
Less:	
Net Profits applicable to Minority Interests	34,412.75
Balance Transferred to Distributable Surplus—Statement III	$ 525,032.78

Note: Provision for depreciation and miscellaneous income include items of $37,500.00 each in connection with property expropriated which are contra items.

CAPITAL SURPLUS INCLUDING SURPLUS ARISING FROM APPRAISAL OF FIXED ASSETS

For the Year ended the 31st October, 1940. Statement II

Balance at Credit the 1st November, 1939	$1,581,716.94
Add:	
Increase due to the purchase of additional shares and assets of Subsidiaries during the year......	62,112.60
	$1,643,829.54
Deduct:	
Net adjustment resulting from disposal of Fixed Assets during the year	22,004.71
Balance at the 31st October, 1940—Statement I....	$1,621,824.83

DISTRIBUTABLE SURPLUS

For the Year ended the 31st October, 1940. Statement III

Balance at Credit the 1st November, 1939	$1,425,125.78
Add:	
Net Profit for the year ended the 31st October, 1940—Statement IV	525,032.78
	$1,950,158.56
Deduct:	
Adjustments Prior Periods—Income Taxes	54,235.65
	$1,895,922.91
Deduct:	
Dividends Paid on Preference Shares	408,193.00
Balance at the 31st October, 1940—Statement I	$1,487,729.91

Note: Losses of a subsidiary company not consolidated amounting to $28,921.23 for the current year and losses of $46,223.33 applicable to prior periods in connection with former affiliated companies have been provided for out of Reserve Account.

Sales of Celtic Knitting Are Down in Quarter

MONTREAL.—Business of Celtic Knitting Co. in the current year has not been so favorable as in the same period last year, it was stated following the annual meeting of shareholders. Buyers are showing hesitancy in augmenting inventories.

First quarter sales in 1940 were at a greater rate than normal. The levelling off of sales experienced in the second quarter of 1940 is less likely to be duplicated this year because of somewhat more favorable conditions.

Nfld. Fisheries Show Improved Position

The Newfoundland Fisheries Board reports exports of salt codfish in January of 106,456 quintals, compared with 97,413 quintals in the same month last year. There were 1,190 cwt. of saltbulk exported during the month, compared with 2,933 cwt. in January, 1940. Shipments this year were comprised of 98,650 qtls. of bank and shore, and 7,806 qtls. of Labrador. This compares with 52,836 qtls. and 44,577 qtls., respectively.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Industrial Alcohol

Can you supply us with a report on the current operations of Canadian Industrial Alcohol Ltd.?

Earnings of Canadian Industrial Alcohol Co. in the first quarter of the current fiscal year ended Nov. 30 were better than in the same quarter of 1939. Net profit of $100,105 compared with $67,875 in the corresponding quarter of 1939. Net profit for the year ended Aug. 31, 1940, totalled $220,112 against $212,349 in 1939. Improvement in the last quarterly statement resulted entirely from betterment in domestic business. The company reports that export shipments by its subsidiary company, McNish Co., will be curtailed in the current year. On the other hand, requirements of munitions plants will create a good demand for alcohol products.

Canada Atlantic

I hold an amount of 4% first mortgage bonds of Canada Atlantic Railway Co. Any information you could give me on the operations of the company would be appreciated.

The 4% first mortgage bonds of Canada Atlantic Railway Co. constitute a first mortgage upon the lines of the railway and property, now part of the Canadian National Railway system, situated in Ontario and Quebec and running from Depot Harbour, through Ottawa and Couteau Junction to the United States boundary. Lines aggregate approximately 394 miles. The line from Ottawa to Couteau Junction is part of the main line of the Canadian National Railway system from Ottawa to Montreal. This line may therefore be considered as a valuable part of the Canadian National system and one which the Government road would not dispose of. The bonds are not guaranteed by the Dominion Government, but nevertheless are considered a good investment of the carrier class.

Bathurst

Would you please give us the latest report you have on Bathurst Power & Paper Co.? What is its dividend payment record?

Earnings of Bathurst Power & Paper Co. in the 11 months ended Nov. 30, 1940, after deducting all charges including depreciation and depletion, but before income and "excess" profits taxes, amounted to $1,177,809. It is understood that after making maximum allowance for all income and "excess" profits taxes, the company earned about $500,000 during the 11 months period. This was equivalent to $1.25 a share on the Class A stock.

It is believed that special concessions will be made by the board of referees, permitting the company to show larger earnings than indicated. Even if these concessions were not allowed, the company would show higher earnings in 1940 than in 1939. In that year net profit amounted to $81,197, equal to earnings on the Class A stock of 20 cents a share. The company is paying no set rate at present on the Class A stock. There was 25 cents a share paid Dec. 20, 1939, Dec. 19, 1938, and Dec. 20, 1937. The only previous payment of 25 cents a share was on March 15, 1929. In 1940 the company raised disbursements to $1 a share, composed of 25 cents on April 17, Aug. 1, Nov. 1 and Dec. 23. A further 25 cent dividend is to be paid on the stock March 1.

Pressed Metals

As the holder of shares of Pressed Metals of America, I should like to receive your comments on the current outlook for the company, particularly as to whether current dividends are being covered.

Pressed Metals of America operates a plant just outside of Port Huron, Michigan, in which it makes parts for the automobile industry. Its prosperity appears primarily dependent upon conditions in the automobile business. Sales in 1940 amounted to $4.2 millions, compared with $3.5 millions in 1939. In spite of higher taxes, it is probable that earnings last year showed considerable improvement over 1939, when they were equivalent to $1.23 a share. The company is currently paying dividends of 25 cents a share quarterly. Payment is in U. S. funds. Indications apparently are that the automobile industry in the United States will be busy in the coming year.

Dominion Stores

I would appreciate a report on the current position of Dominion Stores Ltd. I understand there have been quite a few changes in the properties operated by the company.

In spite of a considerable period of low earnings, the financial position of Dominion Stores Ltd. has continued strong. The company's annual report for 1940 has not yet been issued, but at the end of 1939 it showed cash and call loans of just under $1 million compared with total current liabilities of $497,754. Its total working capital was just over $2 millions, close to the figure at which it has held for the past five years. The company has undertaken an important programme of modernization and improvement to its stores, as well as closing down a number of unprofitable units.

Last November we were told that since the beginning of 1939 the company had closed about 150 units, leaving approximately 325 in operation. It is understood that major adjustments in this programme have now been carried out and that future changes can be considered as normal to any chain store company. It is understood that capital expenditures over the past year have been heavy and much of the changeover expense has been financed from current funds in line with the policy usually followed by chain stores.

Intl. Hydro

I would like information regarding the question of interest payment on International Hydro-Electric System 6% bonds.

International Hydro-Electric System is dependent for revenue on divident and interest payments from subsidiaries. One of the most important units from which it derives income is Gatineau Power Co. The system received $372,543 total income in 1939 compared with $745,537 in 1938. On this basis debenture interest was earned .09 times in 1939 and .38 times in 1938. However, the company received cash in 1939 in addition to this amount. It included $1.2 million in dividends received from Gatineau Power Co. which the system classifies as a partial return on original investment, and not as income. Dividends from Gatineau, treated as a return on investments, are particularly important to the holding company. Continuation of payment on the 6% debentures would appear to be contingent upon dividends from its Canadian subsidiary being sustained at present levels. The Canadian Foreign Exchange Control Board has maintained rigorous requirements on export of a capital from the country. Whether these restrictions might be extended in the future is difficult to state.

Building Products

Will you please let me have some information regarding earnings of Building Products Ltd. and the outlook for the current year.

Operating profit of Building Products Ltd. in 1940 totalled more than $1 million, compared with $731,136 in 1939, but increased provision for income and "excess" profits tax contracted net profit to $413,843, from $487,597 in 1939. Provision for these taxes in 1940 totalled $440,000 compared with $100,030 in 1939. Net profit was equivalent to earnings of 86 cents and $1.01, respectively. Dividends of 80 cents a share were paid on the common stock in both years. Dividends on the present common stock have been paid regularly since 1927. In 1940 building activity was the highest in 10 years, principally because of construction under the commonwealth air-training plan, and expansion of industrial facilities for war purposes. Residential construction was on about the same level as that for 1939. At the present time it is anticipated that the company will experience a record period in the current year.

C.P.R. 4½'s

I notice the 4½% C.P.R. bonds, due Dec. 15, 1944, are secured by land in Manitoba, Saskatchewan, Alberta and British Columbia. The company guarantees annual payments, but will the unsold land equal in value the amount of the outstanding bonds? How does the account of unsold C.P.R. land stand at present? I can find no such statement anywhere, yet there are over $19 millions of these bonds outstanding.

Probably your question can best be answered by giving you a summary of the security facts of the Canadian Pacific Railway's 4½% sinking fund secured note certificates. These certificates are a direct obligation of the company. Further, they are secured by assignment to the trustee of all unpaid purchase money or deferred payments owing or accruing to the railway company in respect of land in western Canada sold or contracted to be sold by it prior to Dec. 1, 1924. The amount due or accruing due to the railway company on Dec. 1, 1924, in respect to these sales was $66 millions. At the end of 1939, the amount due or accruing was $32,046,000. The figure at the end of 1940 is not available, but when compiled is not expected to show any material difference. The amount of the certificates outstanding at the end of 1939 was $19,257,600.

Company Reports

Sarnia Bridge

Sarnia Bridge Co.'s financial statement for 1940 shows net revenue at $63,922, as against $30,207 the year before. After prior charges, including income taxes, net profits totalled $14,179, compared with $3,518 in 1939. This brought the profit and loss deficit down to $16,360, or about $14,000 less than at the close of the previous year.

The balance sheet shows a moderate improvement in working capital position. Inventories increased during the year from $127,923 to $182,830, offset in part by an advance in bank loan from $10,000 to $43,000. Other changes were unimportant.

Comparative figures on the profit and loss account follow:

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net revenue	63,922	30,207
Less: Exec. salaries	20,234	18,020
Depreciation	7,947	7,819
Income tax	21,562	850
Net profit	14,179	3,518
Previous deficit*	30,539	33,870
Deficit forward	16,360	30,352

*Adjusted.

Working Capital

	$	$
Current assets	246,772	171,663
Current liabilities	95,409	37,750
Working capital	151,363	133,913

Great West Saddlery

Profits of Great West Saddlery Co. for the year ended Dec. 31, 1940, showed little change from the previous year. While operating earnings advanced some $20,000, an increase of a like amount in income taxes reduced the gain in net profits to approximately $500.

The year's operations were regarded as satisfactory by H. E. Cochran, vice-president, particularly in view of the low prices and storage difficulties which limited the farmer's gain from the large 1940 wheat crop.

As a result of the year's operations a further $46,000 of 6% first mortgage bonds was redeemed, leaving the balance outstanding at $324,500 as compared with the original issued amount of $850,000. Declaration of a 75-cent dividend on the first preferred, payable Jan. 2, 1941, out of 1940 earnings, leaves arrears on this stock at $1.50 per share.

Annual meeting will be held at the company's head office in Winnipeg, March 3, 1941.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net earnings	126,151	107,779
Less: Depreciation	24,000	24,000
Bond interest	20,235	22,531
Income taxes	33,000	12,812
Net profit	48,916	48,436
Less: Dividends	26,220	20,976
Surplus for year	22,696	27,460
Add: Prev. surplus	71,004	43,544
Surplus forward	93,700	71,004
Earnings per Share:		
First pref.: Earned	$7.00	$6.93
Paid	3.00	3.00
Second pref.: Earned	24.13	23.71
Paid	nil	nil
Common: Earned	0.61	0.60

Working Capital

	1940 $	1939 $
Current assets	1,207,954	1,323,660
Current liabilities	295,190	411,778
Working capital	912,764	911,882

Hart Battery

Hart Battery Co. reports a moderate decline in earnings for 1940. Net revenue of $72,477 was off about $7,000 from the previous year. Taxes were nearly double those of a year ago, leaving net profit of $25,306, or 25 cents a share on the capital stock, as against a net profit of $36,535, or 36 cents a share in 1939. During the year the dividend on the capital stock was increased from 15 cents to 20 cents a share.

The balance sheet does not show any major changes. Net working capital is well maintained. Cash declined from $69,391 to $38,829. This was reflected in accounts receivable which increased from $130,297 to $150,350 and to an advance in inventories from $179,219 to $186,164.

Comparative figures from the profit and loss statement follow:

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net revenue	73,477	80,124
Less: Exec. salaries	12,737	11,407
Directors' fees	2,380	2,460
Legal expenses	......	1,757
Depreciation	16,054	18,253
Taxes	17,500	9,712
Net profit	25,306	36,535
Less: Dividends	20,000	15,000
Surplus	5,306	21,535
Add: Prev. surplus	198,320	176,785
Sale of assets	2,500	......
Surplus forward	206,126	198,320

Working Capital

	$	$
Current assets	410,307	378,908
Current liabilities	37,089	25,385
Working capital	373,218	353,523

Modern Containers

An increase of approximately $32,000 was shown in the operating profits of Modern Containers Ltd., Toronto, in the report for the year ended Dec. 31, 1940. The rise of some $45,000 in taxes offset the dividends of $5.50 per preferred share and $1.20 per common share (including bonus dividends of 40 cents) declared out of 1940 earnings.

Volume of business to date in 1941 has exceeded that for the corresponding period of 1940, according to Leslie I. Finnie, president.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net earns. from oper.	127,268	95,667
Add: Inc. from invests.	6,151	8,249
Gross income	133,419	103,916
Less: Depreciation	18,087	20,744
Income taxes	61,177	15,854
Net profit	54,155	67,318
Less dividends:		
Preferred	16,500	8,250
Common	30,000	10,000
Prior to amalgamation	......	22,710
Surplus for year	7,655	26,358
Add: Previous surplus	203,408	192,652
Profit on sale secs.	186	16,546
Excess deprec.	188	......
Less: Addit. taxes	434	72
Amalgam. expense	......	20,457
Formulas, etc., w/o	......	11,619
Surplus forward	211,003	203,408
Earnings per Share:		
Pref.: Earned	$18.03	$22.44
Com.: Earned	1.51	2.03

Working Capital

Current assets	430,732	377,468
Current liabilities	104,992	37,706
Working capital	325,740	339,762

Kelvinator

Annual report of Kelvinator of Canada, Ltd., for the company year ended Sept. 30, 1940, consolidates the figures for the Canadian subsidiaries only, treating the English subsidiary as an investment. In previous reports the consolidated statements included all subsidiaries.

Kelvinator Ltd., England, continues to work almost entirely on Government contracts and during the year has been able to increase its volume of this work materially, according to G. W. Mason, president of the company.

Earnings of the Canadian companies amounted to $165,620, after providing for the loss on operations of £11,488 experienced by the English subsidiary.

Working capital at the end of the 1940 fiscal year amounted to $482,105, comparable with Canadian working capital of $434,679 at Sept. 30, 1939. During the year the deferred loan payable to Nash-Kelvinator Corp. was reduced from $380,000 to $340,000.

First quarter of the current fiscal year shows satisfactory results, according to Mr. Mason.

Consol. Income and Surplus Account
Years Ended Sept. 30

	1940 $	1939 $
Gross profit	696,307	602,044
Less: Sell. & oper. exp.	212,062	351,395
Exec. salaries	26,380	40,137
Directors' fees	400	3,025
Legal fees	262	757
Depreciation	17,232	31,675
Loan interest	18,375	20,262
Income taxes	214,150	63,932
Prov. loss Eng. sub.	43,333	......
Sundry deductions	......	6,324
Add: Sundry income	1,507	......
Net profit	165,620	84,537
Less: Dividends	100,000	50,000
Surplus for year	65,620	34,537
Add: Prev. surplus	371,814	374,430
Less: Curr. asset res.	......	33,000
Surplus forward	437,434	375,967
Earned per Share	$1.66	$0.85
Paid	1.00	0.50
Shares O/s., n.p.v.	100,000	100,000

Working Capital

	1940 $	1939 $
Current assets	716,756	972,064
Current liabilities	234,651	186,567
Working capital	482,105	785,497

Note:—Consolidated statement for 1940 excludes figures for Kelvinator Ltd., England, which were included in the 1939 statement, except for provision of $43,333 for loss of the English subsidiary. Kelvinator Ltd., England, is carried on the parent company's balance sheet at cost of the investment, less reserve, a net figure of $260,000. Included in this reserve is $33,000 set up in 1939 to adjust book value to $4.43 per £ sterling.

National Biscuit

Gross sales of National Biscuit Co. for 1940 were $103.6 millions, compared with $98 millions in 1939. Sales volume of the company's English and Canadian subsidiaries also exceeded the figures for 1939, but higher taxes and foreign exchange adjustments brought their contribution below the 1939 level. Net profit from these subsidiaries, representing an investment of $5.5 millions, amounted to about 90% of the company's net earnings. In Canada, National Biscuit controls Christie, Brown & Co.

Earnings of the company before taxes and foreign exchange adjustments were $408,000 higher than in 1939. Income taxes were up some $1.3 million while an increase of $241,000 was required in foreign exchange adjustments. Subsidiary earnings are included at the former par of exchange in the company's statement, for comparative purposes, and are then adjusted to year-end exchange rates.

The new bakery at Atlanta, Ga., was completed during the year, and is expected to be in full operation before the end of May. A new biscuit bakery is now being equipped at Denver, Col., to furnish the company's complete line to the Rocky Mountain section. Both these buildings allow for further expansion. The Shredded Wheat bakery at Oakland, Cal., was added to in 1940, the whole manufacturing process at the plant having been remodelled.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating earnings	19,295,371	18,742,965
Other income	143,413	187,680
Total earnings	19,438,784	18,930,645
Less: Depreciation	3,166,791	3,066,772
Res. for taxes	4,776,082	3,424,115
Prov. exch. loss	347,085	105,753
Net profit	11,148,826	12,334,005
Less: Pref divs.	1,736,161	1,735,699
Com. dividends	10,059,517	10,048,717
Surplus for year	*646,852	549,589
Add: Prev. surplus	13,555,256	13,405,969
Less: Add. deprec.	400,000	400,302
Surplus forward	12,508,404	13,555,256

*Deficit.

Earned per Share:		
Preferred	$44.95	$49.72
Paid	7.00	7.00
Common	1.50	1.69
Paid	1.60	1.60

Working Capital

	1940 $	1939 $
Current assets	45,752,763	42,651,832
Current liabilities	11,114,793	6,854,562
Working capital	34,637,970	35,797,270

Acme Glove

Acme Glove Works Ltd. reports marked improvement in operations in the year ended Dec. 31, 1940. Operating profit increased to $146,454 from $60,063 in 1939. Net profit of $55,956 compares with $3,405 in 1939, after provision for income tax of $30,135 and $723, respectively. Net was equal to $8.14 a share on the 6½% preferred stock, against 49 cents a share in 1939. Earnings of 47 cents a share were shown on the common, contrasted with a deficit of 79 cents in 1939.

Alphonse Lepine, president, states in the annual report that during the year sales showed an increase of about 29% in volume, because of more active operations in the lumbering industry, increased industrial employment and favorable weather conditions. The company also received a limited amount of war orders from the Dominion Government.

Mr. Lepine states in respect to the provision for "excess" profits tax, that the company has set up this payment at 18% under income tax and 12% under the "excess" profits tax. The company intends to make a submission to the Board of Referees, claiming qualification as a "depressed" business in the years 1936 to 1939, inclusive.

Mr. Lepine states in a remark to shareholders:

"With regard to the current fiscal year, your directors look forward to continued steady demand for your company's products, but, of course, a great deal would depend upon war effects and influences on business and the purchasing power of the people. While export business to Great Britain may be adversely affected, there is good reason to believe that improvement in domestic requirements will more than make up the difference."

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating profit	146,454	60,063
Less: Exec. chgs.	34,760	34,339
Net oper. profit	111,694	25,724
Less: Depreciation	25,593	21,596
Inc. tax prov.	30,135	723
Net profit	55,966	3,405
Less: Pref. divds.	44,714	22,357
Surplus for year	11,252	*18,952
Add: Prev. surplus	10,362	29,314
Surplus forward	21,614	10,362

*Deficit.

Working Capital

	1940 $	1939 $
Current assets	906,770	835,927
Current liabilities	56,289	17,300
Working capital	850,481	818,627

Balance Sheet Changes

	1940 $	1939 $
Cash	83,466	59,630
Accts. rec. (net)	246,886	175,968
Inventories	568,665	600,329

Soucie Elected Member Montreal Curb Market

From Our Own Correspondent

MONTREAL.—George O. Soucie, vice-president of Rene T. Leclerc Inc. and a director of David et Frere Ltee. and other companies, has been elected a member of the Montreal Curb Market.

United Corporations

United Corporations' financial statement for 1940 reveals total income of $373,999, compared with $359,821 for 1939. Net profit after bond interest and taxes was $127,627, as against $139,461 the year before. This was equivalent to $2.41 on the Class A and 20 cents on the B shares, compared with $2.62 and 24 cents, respectively, in 1939.

Net profit from the sale of investments during the year was $227,433, compared with $462,999 in 1939.

The balance sheet as at the end of last year shows investments with a book value of $7.9 millions and a market value of $8 millions. The year before the book value was $7.6 millions and market value $9.1 millions. During the year holdings of the company's own bonds increased from a cost value of $354,731 and par value of $446,600 to a book value of $548,754 and par value of $658,600. The total of bonded debt outstanding remains unchanged at $3.7 millions.

As at the end of 1940 the break-up value of the "B" shares was $13.20 a share, compared with $18.05 at the end of 1939.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Investment income	351,805	358,656
Add: Stk. divds. sold	4,178	1,166
Exchange (net)	18,017	......
Total income	374,000	359,822
Less: Management exp.	8,177	9,599
Executive salaries	14,615	13,760
Legal expenses	163	93
Trustee fees, etc.	8,001	7,956
British & U. S. taxes	16,377	14,851
Directors' fees	7,500	7,500
Other taxes	2,070	1,728
Misc. expense	3,512	1,783
Net earnings	313,585	302,552
Less: Income bond int.	162,752	163,090
Can. income taxes	22,000	364
Dom. 5% tax held	1,205	......
Net profit	127,627	139,098
Less: Class A divds.	79,402	80,978
Surplus for year	48,225	58,120
Add: Prev. surplus	317,578	240,520
Prev year's rev.	......	18,938
Less: Pr. yr. tax & exp.	10,682	......
Legal exp. prior yrs.	11,185	......
Surplus forward	343,936	317,578

N. B. Telephone

New Brunswick Telephone Co. reports more expansion in operations and earnings during the past year. Gross operating revenue of $1.6 millions compared with less than $1.5 millions in 1939. After taking care of all prior charges, net profit of $330,796 was equal to 52 cents a share on the capital stock as against $212,301 or 50 cents a share, in the preceding year.

At the end of 1940 the company had in service 34,109 stations, a gain of 1,965 for the year. This tops the previous record peak of May, 1931. New construction last year included 501 miles of new line, erected between Saint John and the Quebec boundary. A radio connection is now being installed between Saint John and Digby to expedite the company's service.

The balance sheet reveals a maintenance of position, net working capital being $209,921, as against $207,260 at the close of 1939. Principal change among the balance sheet items is an increase from the accounts from $7.8 millions to $8.2 millions.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Gross revenue	1,619,624	1,490,882
Less: Uncoll. rev.	8,093	9,450
Oper. revenue	1,611,531	1,481,432
Less: Main. expenses	288,974	*
Traffic expenses	195,139	*
Com. expenses	85,359	*
Other expenses	69,465	*
Depreciation	294,488	284,321
Income tax	118,629	53,694
Other taxes	139,279	*
General expenses	81,133	826,653
Net oper. income	339,065	316,762
Other income	7,902	7,575
Less: Income tax	2,371	....
Net revenue	344,597	324,337
Less: Fixed charges	13,800	12,036
Net profit	330,796	312,301
Less: Dividends	318,285	303,605
Surplus	12,511	8,696

*Included in general expenses.

Working Capital

	1940 $	1939 $
Current assets	430,310	486,910
Current liabilities	221,089	279,650
Working capital	209,221	207,260

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GENERAL TRUST OF CANADA
112 St. James Street - MONTREAL
STATEMENT AS AT DECEMBER 31, 1940
ASSETS

Capital Accounts:	
Total assets of the Company	$ 1,393,661.54
Guaranteed Accounts	1,766,336.03
Estate, Trust and Agency Accounts	49,747,573.85
Safe Custody Account	38,198,570.90
	$91,106,142.32

LIABILITIES

Capital Account:	
Sundries	23,458.15
Reserves	60,960.50
Profit and Loss Account	204,242.89
Capital Stock	1,105,000.00
Total	1,393,661.54
Guaranteed Accounts	1,766,336.03
Estate, Trust and Agency Accounts	49,747,573.85
Safe Custody Account	38,198,570.90
	$91,106,142.32

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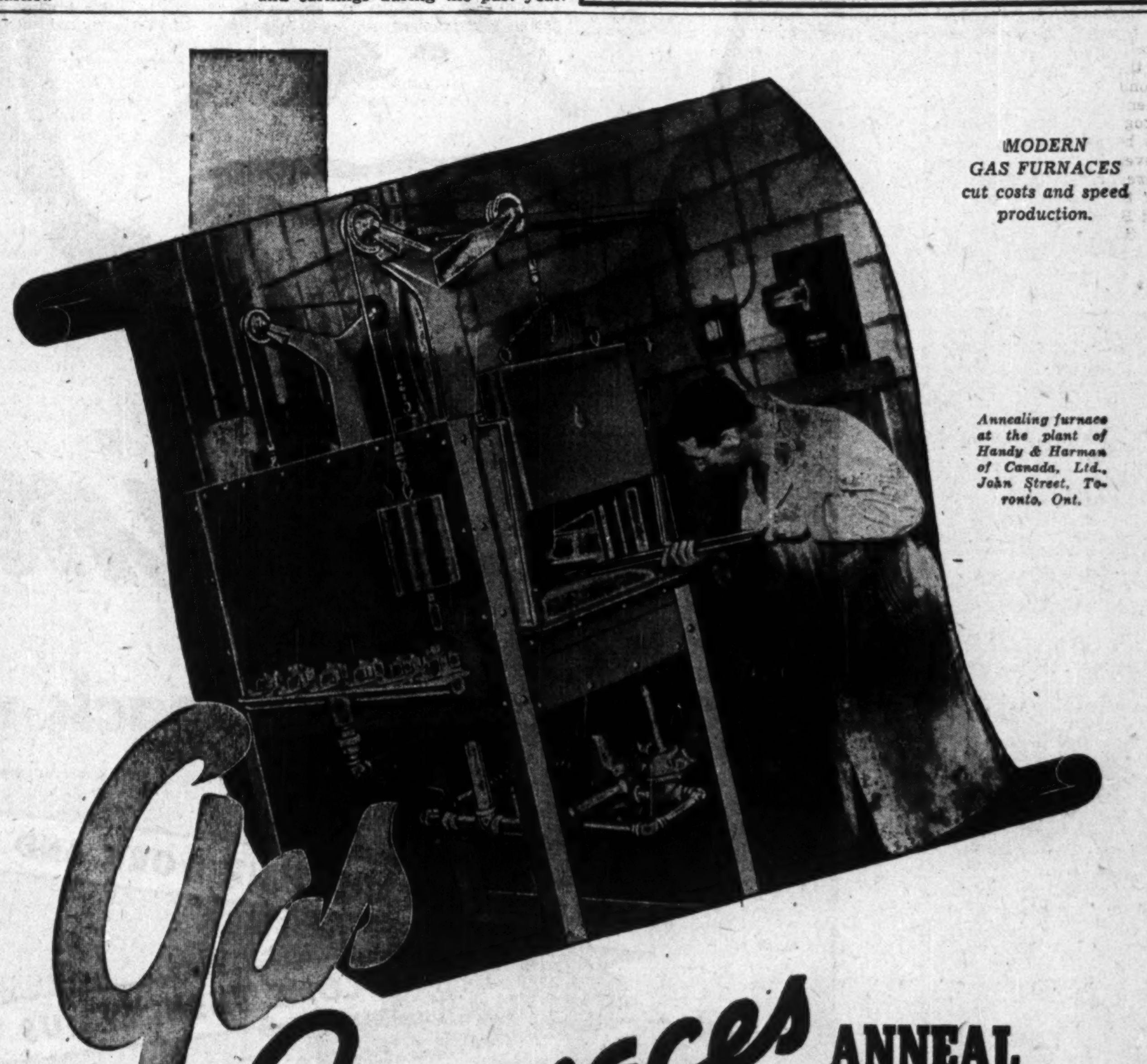

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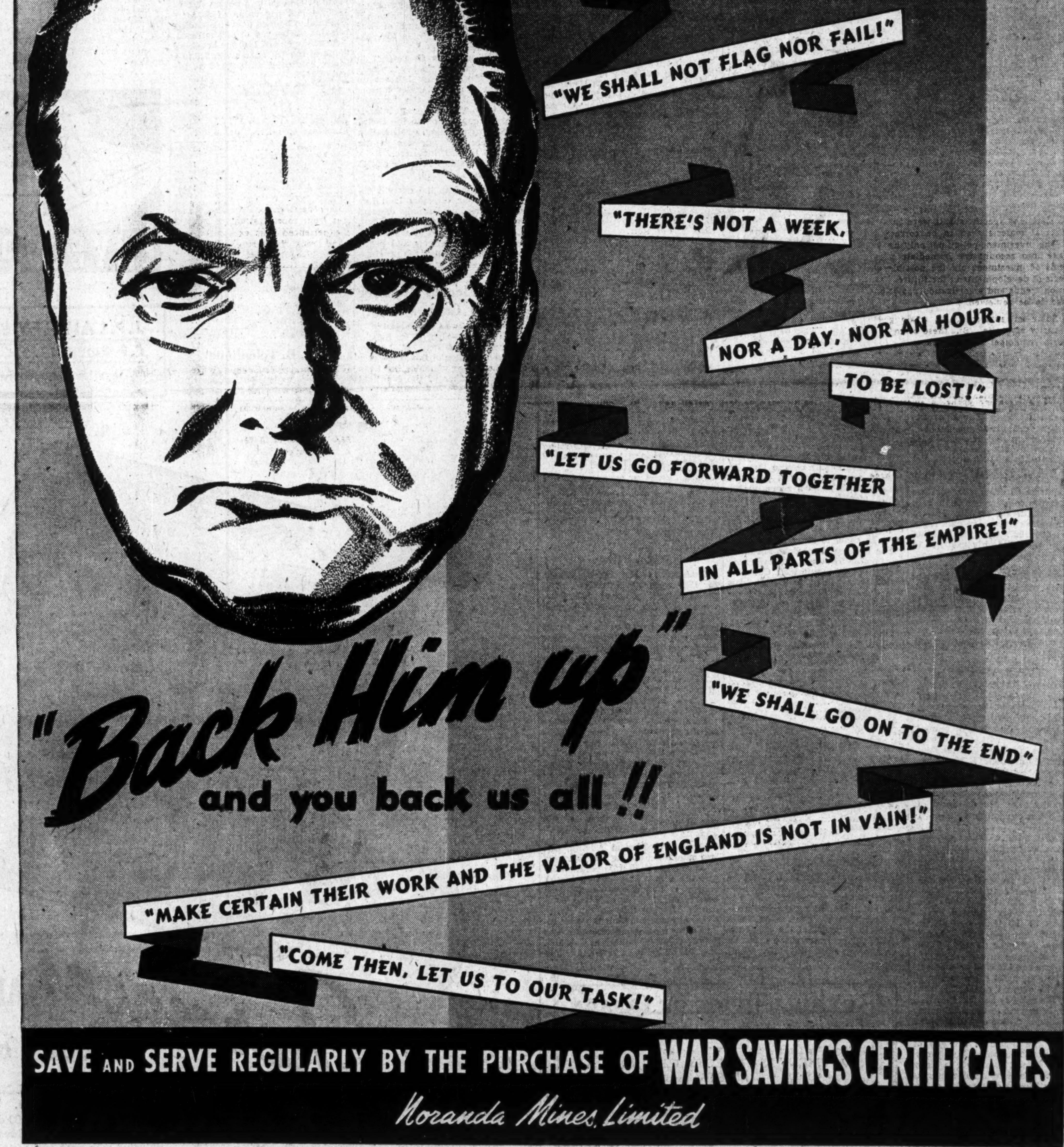
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WILL DO HIS DUTY.
"WE SHALL NOT FLAG NOR FAIL!"
"THERE'S NOT A WEEK,
NOR A DAY, NOR AN HOUR,
TO BE LOST!"
"LET US GO FORWARD TOGETHER
IN ALL PARTS OF THE EMPIRE!"
"Back Him up"
and you back us all !!
"WE SHALL GO ON TO THE END"
"MAKE CERTAIN THEIR WORK AND THE VALOR OF ENGLAND IS NOT IN VAIN!"
"COME THEN, LET US TO OUR TASK!"
SAVE AND SERVE REGULARLY BY THE PURCHASE OF WAR SAVINGS CERTIFICATES
Noranda Mines, Limited

First Prize Mining Portfolio (Page 19)

THE FINANCIAL POST

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Canada's Most Popular Mining Stocks

By GORDON M. GRANT
Staff Writer, The Financial Post

In selecting investment portfolios, 70 entrants in The Post's "Investing in Canada's Mines" contest showed an unmistakable preference for certain individual mining issues. And they were not averse to stating why these stocks should be chosen.

When all selections had been tabulated, Noranda Mines emerged as Canada's most popular mining stock. It secured mention in no less than 56 of 70 portfolios. Of the first five selections, three were base metals and two were golds. The two other base metals were International Nickel in third place with 46 selections, and Hudson Bay which placed fifth with 41 mentions in portfolios.

Surprise of Contest

The surprise of the contest—but perhaps not so great a surprise—was the selection of Kerr-Addison as second place favorite. It even passed Hollinger, which came in fourth with 45 selections against Kerr-Addison's 54.

The accompanying chart gives the relative standing of the leading mining stocks chosen by contestants while at the end of this article will be found a table covering the whole selection in detail.

Many of the entrants stressed junior golds for capital appreciation, senior golds and base metals for steady income and security. Due to the number of junior golds from which contestants could pick, however, the importance of these issues does not show up fully in the tabulated results. With the Dominion Government looking to developing junior gold mines for greater production, many entrants pointed out that junior golds are likely to continue in a favored position as regards taxation. Exemption from corporate taxation for three years means extra money for rapid expansion, many felt.

Seek Appreciation

Stocks showing possibilities of capital appreciation were also favored from the personal income tax viewpoint. When a man pays a high rate of income tax on dividends, possible capital appreciation takes on added significance even though current income may be small.

In choosing Noranda as the most popular stock, contestants stressed the company's ability to stress either production of gold or copper by varying ore grade. This was apparently considered to streamline the company's operations to meet war as well as peace conditions. Even contestants who wanted to restrict their investments to gold shares were prone to make an exception of Noranda, the country's third largest gold producer as well as a huge source of copper.

But ability to change relative outputs of gold and copper was not the only reason why entrants included Noranda in their portfolios. Here are some others:

Noranda's growing income from a long list of subsidiary enterprises;

The exceptional ability shown by the management in locating and developing new mines;

Stability of mining operations at the Horne mine over a period of years.

In choosing Kerr-Addison as Canada's most popular gold mine, many interesting comments were made. One man called it "Canada's dream mine." Several others compared it with Hollinger and expressed the opinion that further expansion would follow the recent increase in mill capacity from 1,200 to 1,800 tons daily. Ore disclosures at the Kerr-Addison mine were termed the most outstanding single development in Canadian gold mining last year. Estimates of earnings of 45 to 50 cents a share for 1941 were freely made.

The choice of Kerr-Addison was also significant in another way. In spite of all the talk about the "challenges to gold," investors revealed greatest confidence in the yellow metal. After the outbreak of war, entrants in The Post's original "Investing in Wartime" contest showed a relative preference for base metal stocks. Four base metals—International Nickel, Noranda, Consolidated Smelters and Hudson Bay Mining and Smelting—were selected more often than any of the gold stocks. Now, it appears, the relative attractiveness of gold stocks to the investor seems to have increased with Kerr-Addison and other gold stocks moving up.

Base Metal's Handicap

Many contestants pointed out, of course, that base metals have lost part of the attractiveness they possessed at the outbreak of war. In Sept., 1939, investors were recalling the high metal prices of the previous war. Low fixed metal sale prices were soon to come into effect in this war, however. Greater profits were expected from expanded output, but the excess profits tax now skims off most of the extra profits. Gold mines, while they have had to meet the excess profits tax, have experienced a 10% increase in the Canadian price for gold since the outbreak of war.

International Nickel—favorite in the contest of a year ago—appears in third place in the present contest. Many contestants considered this an advantageous time to purchase the stock at a price to give a relatively high yield. In spite of higher taxation, earnings still more than cover the $2 dividend which is being paid in United States funds. More than one contestant laid stress on the fact that the company enjoys an exceedingly strong financial position and that ore reserves are greater than can be reported for any other mining operations in Canada—sufficient for decades of operation even at the great International Nickel mining rate.

Nickel's Special Position

One contestant made this interesting comment on the future outlook for International Nickel:

"The problems of post-war rebuilding and re-equipping will probably result in but a small decrease in demand for nickel. Moreover, since International Nickel produces 85% of the world nickel output, the company is in the fortunate position of being able to keep the price of nickel from dropping sharply when peace returns. Although the present price of nickel has been stabilized, it still offers an inflation hedge. Furthermore, another hedge exists within the company itself through its production of copper."

Close on the heels of International Nickel—only one selection behind—came Hollinger Consolidated Gold Mines. Some contestants regarded this issue with the attitude that "what was good enough for my father is good enough for me."

On the whole, it appears that Hollinger was selected more for its stability, present position and record than for outstanding appreciation possibilities. Sized up from every angle, contestants apparently saw few if any objectional features to the issue in the straight gold mining category. Grade of ore in reserve, it was noted, is much higher than the average grade milled. Ore reserves have shown a steady increase and amount to five year requirements, and the company has become increasingly successful in development of new mines.

In giving Hudson Bay Mining and Smelting 41 selections to put it in fifth place, contestants drew attention to the record of the management in establishing a stable and efficient operation. With grade and tonnage of ore apparently undiminished as greater depth is reached, the company was regarded by most entrants as being very well situated with no difficulty expected in stepping up mill capacity to 6,000 tons daily this fall.

After Hudson Bay came an invasion of the so-called junior golds, reflecting the important results at this group of properties over the past few years. Preston East Dome tied Consolidated Smelters with 38 selections. Ore indications in diamond drilling at depth lent attraction to Preston, entrants said, while Smelters was singled out due to the keen demand for its products in wartime and the company's large ore reserves.

Surprisingly enough, Preston East Dome received two more selections than its big neighbor, Dome Mines. In mentioning Dome, contestants pointed out how much extra revenue is being received from the company's subsidiary Sigma Mines; and how Sigma's expansion may mean even greater revenue to Dome offsetting the effects of increased taxation.

While many of the experts eliminated East Malartic Mines from consideration due to difficulties experienced from excessive dilution and rock fracturing, which has interfered with regular mining operations, the issue still received 35 selections to place it out in front of McIntyre Porcupine Mines which had only one selection less. Many entrants felt that as ore is the important thing in the long run, East Malartic will eventually overcome its mining problems even though costs may be somewhat higher than expected. The fact that drilling shows the ore goes down was mentioned as important to the company's future.

McIntyre Porcupine, with 34 selections, was mentioned as partly gold mine, partly investment trust—with the present price only the break-up value of investments and profit on ore blocked out.

Stress Large Ore Body

Bralorne, the only Pacific Coast gold stock to receive high rating, appeared on 33 lists. One contestant stated that while the company reported four to five years reserves, he understood that the company had enough ore to keep the mill going for a minimum of 10 years; that Bralorne was one of the Canadian gold mining "greats" of all time.

San Antonio — Manitoba's expanding gold producer — tied with Wright-Hargreaves with 30 selections. More than one entrant pointed out that San Antonio may show a large expansion in ore reserves the next year or two due to ore revelations at depth. While one man said Wright-Hargreaves was "too deep" for him, others liked the company's steady year-to-year earnings, the way values have stood up at depth, and the fact the

(Continued on page 19)

Prize Winners Announced

First prize $100—W. R. Taprell, Calgary.
Second prize $50—Allan P. Fisher, Toronto.

Honorable Mention $25 Awards

Douglas Crone, Toronto	Don. J. Rogers, Toronto
Jas. M. Hazelton, Toronto	Harold G. Sprott, Toronto
Frank G. Lawson, Toronto	J. R. Strathy, Toronto
R. A. Parkinson, Toronto	Arthur D. Styles, Montreal

The winning entry by Mr. Taprell is published on page 19. The second prize entry will be published next week and honorable mention portfolios in succeeding weeks.

With 70 entries received in the Investing $25,000 in Canadian Mining Stocks contest, the judges faced a formidable task. Winners were selected only after a careful weighing of relative values.

A multitude of factors had to be taken into consideration. A good portfolio of stocks alone was not enough. There also had to be a clearly defined policy laid down for the investor. It was necessary to state why specific stocks were chosen. Factual material had to be correct.

The investment policy not only had to take into account the immediate problems of investment but the possible effects of developments in the future. Taxation trends and amortization provisions had to be reviewed.

Some entrants strove to attain great security of capital. But these often failed to remember the fact that our hypothetical businessman, for whom the portfolio was selected, wanted some prospect of capital appreciation. Other entrants were too prone to stress capital appreciation, neglecting security of principal. A number of investors sacrificed quality of investment to secure diversification; a smaller number stressed quality so much that safety of principal was sacrificed by listing only three or four issues.

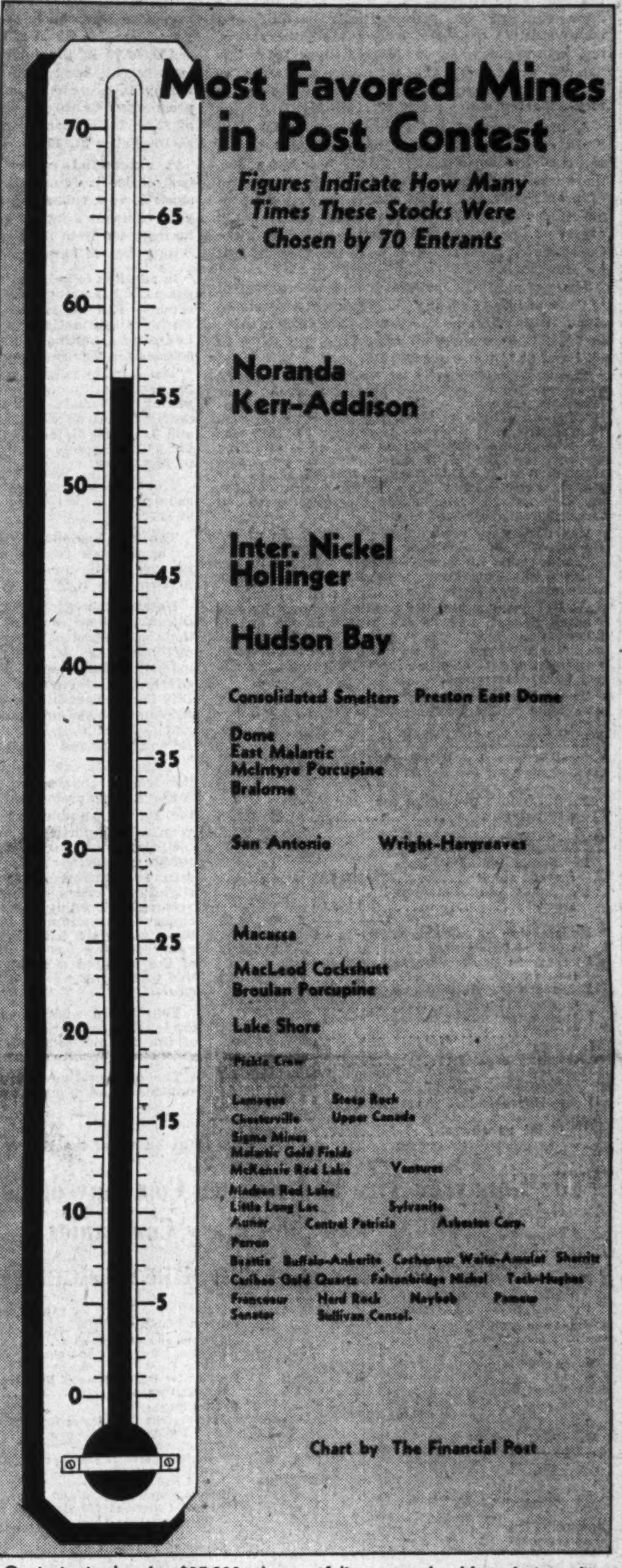
In marking portfolios, the judges felt that a high dividend yield was not always the most desirable. Sometimes a high interest yield is the first sign that a mine is nearing the end of its life. Several good lists lost out because lower grade issues had obviously been included to bring up average yield.

The winning portfolio of Mr. Taprell is a good example of a relatively low yield being considered satisfactory in view of attendant circumstances. While the dividend yield on the basis of 1940 payments was only 6.85%, a number of the issues in the portfolio have increased their rate of dividend payment this year and the one non-dividend paying issue included—Malartic Gold Fields—is expected to commence payment of dividends shortly. The indicated yield for the current year appears to be close to 8%. Probable growth was an important factor in giving first place to this entry with what might have seemed too low a yield.

Companies carrying on outside exploration were stressed by Mr. Taprell and this is a factor reducing the need for amortization of the $25,000 investment.

Diversification was an important factor in considering various portfolios and was a strong argument for the inclusion of both gold and base metal issues in the portfolio. A few far-sighted individuals went so far as to retain some of

(Continued on page 19)



Contestants choosing $25,000 mine portfolios stressed gold stocks in seeking capital appreciation. Base metals were favored for income and security.

Uncle Sam's New Bases

By RONALD A. McEACHERN
Staff Writer, The Financial Post

"When this war is over I confidently predict that the United States will enter upon the greatest period of imperialist expansion in its history."

That is what one of Washington's most famous independent political observers told me when I talked with him in the U.S. capital a few days ago.

R. A. McEACHERN

Another well-known Canadian observer told me something entirely different. He said:

"It seems inevitable that after the war the United States will undergo a reaction into isolationism to a degree that will make today's isolationism of the Middle West seem feeble and embryonic in comparison.

The United States will then have the world's greatest military establishment; vast military power. We will hear a great deal more about Uncle Sam having won the war this time than we did after the first world war. United States will almost inevitably take the view that she has pulled Britain's chestnuts out of the fire; that she wants to withdraw into the western hemisphere; that continued co-operation between United States and Britain must be on Uncle Sam's terms. Those are just the natural psychological results of a situation like the present. We might as well be prepared for them."

Implication of Bases Deal

Whether time proves either man correct, or both wrong, a visitor to the defense bases of the Caribbean (leased by Britain to the United States) such as I very recently was, can hardly fail to wonder about the implications of the transaction, or to ask himself questions such as the two observers quoted above try to answer.

For the first time in its national history the United States is now engaged in providing itself with an effective defense system. Up to now America has never quite made up its mind on defense matters. It had enough navy, air force and army for display purposes on national holidays and for meeting apparent national police needs. On the other hand, confidence in Britain's strength and a basic if seldom expressed belief that American and British interests were and would continue to be mutual have always prevented United States carrying out even the more elementary measures of logical defense works.

Whether or not the United States has one of the world's largest or smallest navies depends almost entirely on keeping the Panama Canal open. Yet the canal has been left very inadequately defended. Though fully aware of the extreme difficulty of providing against sabotage, the United States waited until war was again raging to start the five-year job of a second channel through the canal. In the meantime, one single successful bomb in one of the Panama locks could close the canal for months and leave the United States coastal defenses on Atlantic and Pacific enfeebled indeed.

Settle With Japs

Gossip in Washington is that there is very strong sentiment among certain groups for an immediate settlement with Japan. The argument is that the United States navy should devote its attention to the Pacific for a few months and take such action as may be necessary to get it quite clear whether Japan wishes to continue her flirtations with Germany, or whether she is prepared to keep out of the European struggle and at least not hinder if she won't help bring a victory for the democracies. It is argued that in this way the United States would not need to go to the expense of a two-ocean navy.

It appears that the Washington Administration has little sympathy for this view; that such a policy is regarded as too forthright, too cynically direct, to win the support of democratic peoples; also, that it is too late in the day—that the European situation has become too serious—to permit undertaking any such project on the far side of the world.

How Uncle Sam can work out a scheme of proper defense for the western hemisphere below the equator is a matter of much more difficulty. The extent of Nazi penetration in South America is well appreciated in Washington. So is the threat this offers. Every means of offsetting that Nazi influence that one state can use within other independent and jealous states is now being used.

But South American countries have long had a chip on their shoulder. The complaint of "Yankee imperialism" slips very readily off the South American tongue. Nazi forces there are constantly at work spreading the belief that the U. S. good neighbor programme is nefarious and dangerous for South American independence.

So far the blunt truth as to the war sympathies of virtually every South American country is a profound desire to sit on the fence.

Base Work Just Started

I have just travelled the new first line of western hemisphere defenses in the Atlantic. I saw the beginning of defense works at Jamaica, Trinidad and the enlargement of defenses at the U. S.-owned island of Puerto Rico. Through the Panama Canal Zone I saw something of Uncle Sam's feverish activity to train thousands of troops, to rush the building of a second ship channel across the isthmus.

How useful are the new U. S. bases for an early crisis?

Of the eight sites leased to Uncle Sam, five at least offered important advantages almost from the moment the deal was signed. They were Newfoundland, Bermuda, St. Lucia, Antigua and Jamaica. Of course, like the rest, there is enormous work yet to be done. Work on a defense base is never completed, since modernization is, theoretically, a constant defense duty.

In the Bahamas, Trinidad and British Guiana the United States will have at least some months of intensive work to do before these bases will have much value, if the strict terms of the lease are adhered to, which is doubtful if a crisis should arise.

In Trinidad there was most delay of all in selecting the site which would be leased the United States. There, local interests fought hard to get Uncle Sam to take over a vast swamp, which, of course, would be useless for defense purposes until a major draining enterprise had been completed.

Puts Defense in Atlantic

The basic thing about the series of island defenses is that they remedy a serious weakness in the U. S. strategic position—lack of offshore posts in the Atlantic.

Newfoundland and Bermuda are within current bomber range of the great eastern cities of the United States. It is most important to U. S. defense that these points should not, for that reason, be in enemy hands. But these posts also make it easily possible for airplanes to patrol the main sea routes between America and Europe and ships based at these places can, to a large degree, control access to the North American continent from the sea.

At Newfoundland the U. S. is engaged in preparing a seaplane base at a harbor ice-free 11 months of the year, a land-plane base adjoining on the shore and an army training ground and barracks near by. At another location a field for servicing and fueling military airplanes is to be prepared and, at a third site, on St. John's Harbor, there is to be a U. S. navy base. Here there is a commercial drydock large enough for present battle cruisers which will be available for U. S. use.

Strategic Bermuda

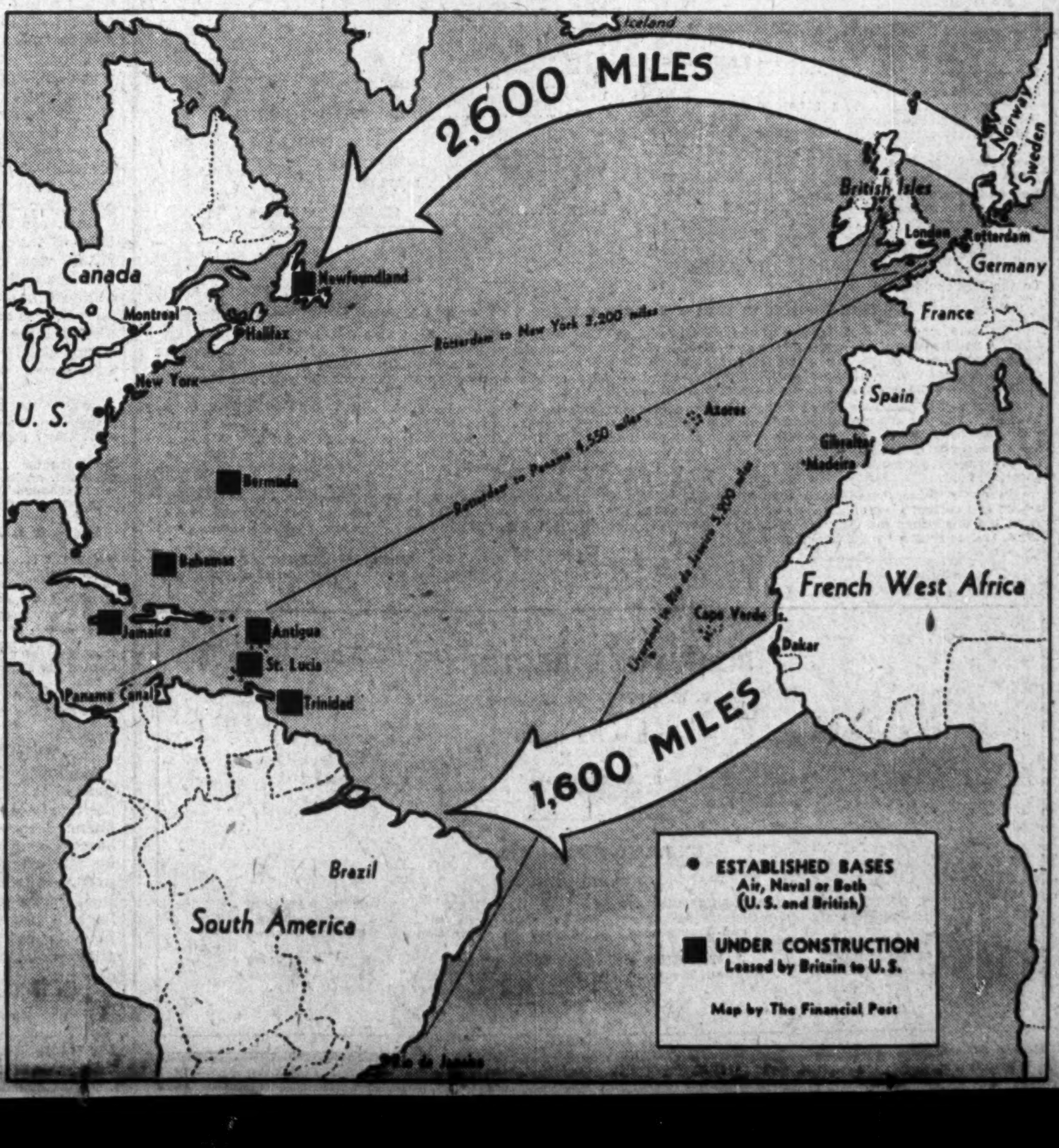
Bermuda is less than 1,000 miles from every large port on the Atlantic coast of both the United States and Canada. At Castle Harbor, on the eastern end of the island, the United States is now developing a major base for warships, land and sea airplanes. Bermuda has been the station of Britain's "American and West Indies Fleet" and is fitted with docking and other repair facilities. It is assumed that these will be available for U. S. needs.

In the Bahamas an air base is to be established to prevent an enemy using these islands as a source of supply or as base for raids by smaller vessels, submarines or airplanes. At present there are no fields for land airplanes on these islands.

In Jamaica the U. S. leases provide for harbor developments with large shore batteries. Uncle Sam is to share with Britain the military airfields and dockyard facilities, both of which are to be enlarged by the United States. Jamaica is less than 600 miles from the Panama Canal and because of its central location will be a most important supply depot for the U. S. fleet and air forces in the Caribbean.

In the past the biggest gap in the U. S. Atlantic defenses was over the southeastern approaches to the Panama Canal. The chain of bases now being developed—Antigua, St. Lucia, Trinidad and British Guiana — will effectively guard this approach. And remember this: It is only a 1,619-mile flight across the

(Continued on page 18)



Annual Report of the Directors of The Goodyear Tire & Rubber Company of Canada, Limited

February 22, 1941.

TO THE SHAREHOLDERS:—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31, 1940 and the present financial position of the combined companies.

The operations of the combined companies for the year have resulted in a profit of $1,960,038.49 after charging all manufacturing, selling and administrative expenses, income and other taxes, but before providing for depreciation; from this amount there has been set aside a reserve of $568,524.72 for depreciation of buildings and equipment, leaving a net profit of $1,391,513.77.

A comparison of the operations for 1940 with those of 1939 shows that although there was a substantial increase in sales for the year just ended, there was a reduction on the average in the margin of profit, with the result that after making provision for increased income taxes and for the excess profits tax, the net profits as reflected in the Consolidated Balance Sheet were less than in 1939 by $260,988.36.

The net earnings for the year were equivalent to $4.25 per share on the 257,260 shares of common stock outstanding, as compared with $5.25 a share in 1939; $7.49 a share in 1938, $4.14 per share in 1937 and $4.73 per share in 1936.

The spot market price of No. 1 ribbed smoked sheets in New York fluctuated during the year 1940 between a low of 18¼c. per pound on February 27 and a high of 24½c. per pound on May 10. The closing spot price on December 31, 1940 was 20¾c. per pound. The market price of ⅞ middling uplands on the New York Cotton Exchange, reached a high on January 2, 1940 of 11.54c. per pound, while the low price for the year was 9.48c. on October 14. The closing market price on December 31, 1940 was 10.43c.

The customary annual review was made of the stocks of raw materials, work in process and finished goods on hand which are stated in the Balance Sheet on the usual basis of cost or market, whichever was lower.

As in former years, the profits as shown by this Annual Report, include the profits on the export business for the previous fiscal year of 1939, but on the other hand, they do not include the accrued profits on export business for 1940, which have not yet been determined.

The following summary sets out the manner in which the profits for the year have been applied—

Funds provided from profits

Consolidated net profits for the year		$1,391,513.77
Add—Provision for depreciation		568,524.72
Profits before providing for depreciation		$1,960,038.49

Disposition of Funds

Dividends on 5% Preferred stock	$298,511.25	
Dividends on Common stock	643,150.00	
		$ 941,661.25
Redemption of 649 shares Preferred stock at $50.00 each		32,450.00
Increase in Preferred stock redemption fund		25,981.43
Expended for additions to plant and equipment (net)		661,180.04
Increase in miscellaneous investments		4,184.90
Increase in net current assets or working capital		306,330.41
		$1,971,788.03
Less—Decrease in deferred charges		11,749.54
Total as above		$1,960,038.49

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment and to meet all probable losses in the realization of accounts receivable. Provision has also been made for all ascertained liabilities.

A review of the consolidated Balance Sheet will disclose the strong financial position of the Company, particularly from the standpoint of working capital, which amounted to $9,247,127.13 at December 31, 1940 as compared with $8,940,796.72 at the end of the previous year.

The most important change in the Balance Sheet presented herewith in comparison with that of one year ago, is a reduction of approximately $2,300,000.00 in the total amount of the cash and government bonds and the investment of this money in inventories of raw materials, goods in process and finished goods, which show an increase of $2,401,214.25 in comparison with the inventories at December 31, 1939.

A substantial proportion of this increase in inventories is represented by an increase in the stock of raw rubber on hand. Inasmuch as all of your company's supply of this raw material has to be imported from the Far East, it was considered a wise policy to build up our stocks.

In addition to building up its own inventory, your company has co-operated with the Canadian government and the rubber industry in securing and storing a substantial quantity of raw rubber, so as to ensure a continuity in the production of rubber articles for war requirements.

The companies have no bank indebtedness. The financial position as referred to herein, is after paying dividends aggregating $941,661.25 represented by 5% or $298,511.25 on the Preferred stock and the usual dividends aggregating $2.50 per share on 257,260 shares of Common stock, amounting to $643,150.00.

The total current assets amount to $10,385,347.42 compared with the current liabilities of $1,138,220.29.

The total amount of all taxes paid or to be paid by or through your companies and applicable to the year 1940, amounted to $2,503,188.74 in comparison with $1,291,563.80 in 1939.

During the past year your companies have continued their policy of making improvements in their plants and equipment at New Toronto, Bowmanville and St. Hyacinthe, with a view to extending the companies' productive facilities and effecting economies in their operations. During 1940 these expenditures were made chiefly in connection with the new power plant at New Toronto and for additional equipment at New Toronto, Bowmanville and St. Hyacinthe.

At the outbreak of war, your company advised the federal government that it was prepared to assist in the production of war requirements to the fullest possible extent and, during the past year, a large portion of your company's production facilities has been devoted to the manufacture of rubber products, chiefly tires, for both the Canadian and British governments, on a basis only slightly in excess of the cost of production. The problems attending the necessary tooling up and changes in equipment involved in the supply of these materials, have been many and varied, but your company has at all times been well ahead of the required schedules and has endeavored in this way to make its contributions to Canada's war effort.

Your Board wishes to record its appreciation of the loyalty, co-operation and effort of the personnel of the organization which has made possible the satisfactory results of the year's operations.

The co-operation of our shareholders has been continued and is much appreciated.

A. G. PARTRIDGE,
President.

On behalf of the Board.

The Goodyear Tire and Rubber Company of Canada, Limited and Subsidiary Companies

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1940

ASSETS

Current and Working Assets:			
Cash	$ 809,853.86		
Government bonds at cost or market whichever is lower	196,012.50		
		$1,005,866.36	
Accounts receivable	$2,429,888.74		
Less — Reserve for bad and doubtful accounts	267,828.66		
		2,162,060.08	
Inventories at cost or market, whichever is lower:			
Finished goods	$2,715,251.19		
Goods in process	531,282.00		
Raw materials and supplies	3,970,887.79		
		7,217,420.98	
			$10,385,347.42
Investments:			
Stocks, bonds and mortgages	$ 244,498.20		
Preferred stock redemption fund	219,588.51		
			464,086.71
Land, Buildings, Machinery and Equipment:			13,691,508.92
Deferred Charges to Operations:			
Prepaid insurance and other expenses			66,412.14
			$24,607,355.19

LIABILITIES

Current Liabilities:			
Current accounts payable	$ 364,535.30		
Reserve for income and other taxes	773,684.99		
			$ 1,138,220.29
Reserve for Depreciation of Buildings, Machinery and Equipment:			8,598,943.52
Capital Stock:			
Five percent Cumulative Redeemable Preferred Stock:			
Authorized—160,000 shares of $50.00 each	$8,000,000.00		
Issued and fully paid—120,000 shares of $50.00 each	$6,000,000.00		
Less—Redeemed 920 shares of $50.00 each	46,000.00		
			5,954,000.00
Common Stock:			
Authorized—290,000 shares of no par value of which 257,260 shares have been issued	$ 128,630.00		
Capital surplus	463,068.00		
			591,698.00
Surplus:			
Balance as at January 1, 1940		$7,874,640.86	
Profit for the year ending December 31, 1940 before providing for depreciation, but after deducting income tax	$1,960,038.49		
Less—Reserve for depreciation	568,524.72	1,391,513.77	
		$9,266,154.63	
Deduct—Dividends:			
On five percent Preferred Stock	$ 298,511.25		
On no par value Common Stock	643,150.00	941,661.25	
			8,324,493.38
			$24,607,355.19

To the Shareholders of February 6, 1941

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have made an examination of the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1940. In connection therewith, we examined or tested accounting records and other supporting evidence, and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We satisfied ourselves that all charges to property accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand or contracted for have been taken and valued by the companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and government bonds were confirmed by certificates and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1940 are included in the balance sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1940, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BOARD OF DIRECTORS

P. W. LITCHFIELD, Chairman, AKRON

A. G. PARTRIDGE, TORONTO — J. E. McALLISTER, TORONTO — C. A. STILLMAN, AKRON

C. H. CARLISLE, TORONTO — P. A. THOMSON, MONTREAL — E. J. THOMAS, AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE, President

P. A. THOMSON, Vice-President — R. C. BERKINSHAW, General Manager and Treasurer — E. H. KOKEN, Vice-President in Charge of Production — O. H. BARRETT, Secretary and General Counsel

D. C. CARLISLE, Comptroller — J. W. PHILP, Assistant Treasurer — H. A. TIPPLE, Assistant Secretary and Assistant Comptroller — K. E. KENNEDY, Assistant Secretary

Company Reports

Brown Corp.

Brown Corp., Canadian subsidiary of Brown Co., reports net sales for the year ended Nov. 30, 1940, of $8 millions as against $6 millions the year before. After operating expenses and taking into consideration other income, there was a net revenue of $1,974,905. This is in contrast with $71,459 in the 1939 fiscal year. Provision is made in last year's accounts for the payment of $750,000 for taxes and $267,647 for deferred bond interest, after which there was a net profit of $921,827. The 1939 accounts show a deficit of $271,073 after deferred bond interest and other charges.

Consolidated balance sheet shows a general strengthening of position. Net working capital improved by $1,268,755. Cash and Dominion Government bonds at nearly $1.3 millions compared with $600,000 the year before. Inventories of nearly $3 millions show an increase of around $1 million during the year. The bank loan of $560,000 was liquidated during the year, while trust deed certificates of indebtedness increased from $402,347 to $446,375.

Particulars of the consolidated income and surplus account follow:

Cons. Income and Surplus Account Years Ended Nov. 30

	1940 $	1939 $
Net sales	8,148,387	6,112,253
Less: Cost of sales	6,278,672	5,886,882
Oper. profit	1,869,715	225,371
Less: Selling exp.	101,567	102,532
General exp.	120,684	105,342
Idle plant	125,348	70,298
Other charges	4,563	......
Net oper. profit	1,517,553	*52,801
Add: Other income	457,352	124,260
Net revenue	1,974,905	71,459
Less: Loss on prop.	19,918	26,616
Current interest	15,620	57,753
Taxes	750,000	......
W/O debts	107	1,063
Deferred bond int.	267,647	257,100
Net profit	921,827	*271,073
Depreciation included:		
Cost of sales	397,100	382,520
Idle plant	103,400	38,896
Other expenses	332	140
Total	500,832	421,556

*Deficit.

Thayers Ltd.

Volume of sales reported by Thayers Ltd., distributors of petroleum products in Ontario, for 1940, showed a moderate increase. Net profits, however, were equivalent to $3.25 a share on the preferred against $3.65 a share in 1939 and the company paid only $2.50 in dividends. As the regular rate is $3.50 a share, this left arrears at $2 a share following the payment made Jan. 1, 1941.

Thayers does not qualify to share in the higher volume of aviation gasoline being sold in Canada, thus keeping its total sales gain below that of the industry as a whole, according to L. A. Thayer, president.

Highly competitive marketing conditions continued, he states, particularly in the more important centres such as Toronto. The present year seems to indicate little change in condition from 1940 with the exception of a possibility of an increased tourist trade.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Revenue	983,746	964,643
Less: Cost of sales	751,535	727,928
Operating profit	232,211	236,715
Less: Expenses	201,261	201,997
Net profit	30,950	34,718
Less: Dividends	23,775	33,320
Pref. stock red. fund	......	210
Surplus for year	7,175	1,188
Add: Prev. surplus	27,923	26,735
Surplus forward	35,098	27,923
Earned per Share:		
Preferred	$3.25	$3.65
Paid	2.50	3.50
Shares O/s.:		
Preferred, n.p.v.	9,510	9,520
Common, n.p.v.	50,454	50,454

Working Capital

	1940 $	1939 $
Current assets	292,910	302,686
Current liabilities	78,198	73,123
Working capital	214,712	229,563

Can. General Investments

Net income of Canadian General Investments Ltd., large Canadian investment trust, for 1940, was approximately 8% above that for 1989, according to the annual report.

Net value of assets declined to $7.6 millions at Dec. 31 last, compared with $8.2 millions at the end of 1939. This drop, which amounts to about 8% after allowing for dividends paid during the year, is compared with the 23% drop in the Dominion Bureau of Statistics index of 95 Canadian Common stocks by the president, Rt. Hon. Arthur Meighen. Market value of securities held was $7.5 millions at the end of 1940 which compares with $8.1 millions a year earlier.

Taxation provision at $36,000 is more than double the amount required for the previous year.

As a result of changes in the portfolio of investments, net profits of $73,967 were realized. This amount, together with $23,473 received on account of investment previously written off, was added to capital surplus distributable account which now stands at $3.3 millions.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Investment income	474,134	438,730
Add: Other income	854	669
Total income	474,988	439,399
Less: Int. on loan	1,851	130
Management fee	25,000	25,000
Directors' fees	2,650	2,670
Miscellaneous	2,972	2,814
Income & E. P. tax.	36,000	16,000
Net profit	406,515	392,785
Less: Dividends	300,291	300,291
Surplus for year	106,224	92,494
Add: Prev. surplus	429,827	345,886
Less: Addit. inc. tax	4,595	8,553
Earned surplus fwd.	531,456	429,827
Earned per Share	$0.68	$0.65
Paid	0.50	0.50
Shares O/s., n.p.v.	600,589	600,589
Net assets per share	$12.63	13.72

Imperial Tobacco

Moderate decline in profits and somewhat lower working capital position are featured in the 1940 financial statement of Imperial Tobacco Co. of Canada Ltd. Net profits totalled $6.2 millions, equivalent to 60.5 cents a share on the ordinary stock. This contrasts with $6.5 millions in 1939, or 63.5 cents a share. In both cases share earnings are after provision for preferred dividends.

Net working capital at the end of last year amounted to just over $15 millions, as against $17.2 millions at the close of 1939. The principal changes among assets are an increase in inventories of $2.7 millions to $15.8 millions; and an advance in investment in subsidiaries from $19.2 millions to $21.5 millions. Holdings of cash and Dominion Government bonds declined from $6.4 millions to $2 millions. There were no major changes among the liabilities.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Net profits	6,202,710	6,500,337
Less: Pfd. dividends	481,800	481,800
Ord. dividends	3,780,412	3,780,412
Surplus	1,940,497	2,238,125
Add: Prev. surplus	6,452,292	6,341,474
Less: Final dividend	2,126,482	2,126,482
Inc. tax adjust.	5,418	824
Surplus forward	6,271,726	6,452,292

Working Capital

	1940 $	1939 $
Current assets	18,725,707	19,881,728
Current liabilities	3,677,751	2,622,140
Working capital	15,047,955	17,259,587

Cosmos Imperial

Highest level of operations in the company's history was experienced by Cosmos Imperial Mills Ltd. in 1940. Production and sales were well balanced, with increase in the cost of sales offset by improvement in average return. According to W. S. Burrill, president, present indications are for continued emphasis on production required in the national interest of Canada as well as that of the British Empire. Overseas shipments have been moving steadily in satisfactory volume.

Expenditures for new machinery and equipment included a Diesel engine unit for auxiliary power production.

On Oct. 1, 1940, the outstanding preference stock, amounting to $423,400 was redeemed and as at the same date, $380,000 in 3% 10-year serial debentures was sold. The latter will mature in equal annual installments beginning Oct. 1, 1941.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Gross earnings	789,926	419,529
Less: Depreciation	164,217	98,672
Directors' fees	2,443	2,300
Spec. dirs.' salaries	3,000	3,000
Exec. & legal	31,519	29,221
Operating profit	588,747	286,336
Add: Other income	7,098	6,529
Net earnings	595,845	292,865
Less: Prov. for taxes	340,500	53,023
Pension fund	30,000	25,000
Contingent res.	15,000	......
Net profit	210,345	214,842
Less: Preferred divds.	16,092	22,409
Common divds.	120,000	108,333
Surplus for year	74,253	84,000
Add: Previous surplus	643,122	559,122
Surplus forward	717,375	643,122
Earnings per Share:		
Common	$1.94	$1.92
Paid	1.20	1.05
Shares Outstanding:		
Preferred, $100 n.p.v.	nil	4,304
Common, n.p.v.	100,000	100,000

Working Capital

	1940 $	1939 $
Current assets	1,498,940	1,204,805
Current liabilities	382,697	87,753
Working capital	1,116,243	1,117,052

Dunlop Tire

In spite of substantially higher operating profits reported by Dunlop Tire & Rubber Goods Co. for 1940, net profits are so reduced by heavier tax provision and reserves that the final figure is equivalent to $4.44 a share on the preference against $6.80 a share for 1939.

James I. Simpson, president and general manager, reports that higher depreciation charge for 1940 is due to "more than normal rates of depreciation having been applied to the extensive purchases of manufacturing equipment to be used solely for war purposes. Provision has also been made, substantially as provided for under the Excess Profits Tax Act, to reduce the value of inventories to offset higher prices resulting from war conditions."

Excess Profits Tax

Regarding the provision for Excess Profits Tax, Mr. Simpson states that "In view of the low average earnings of the company during the previous four years, it is believed that the income tax department will refer the company's case to the Board of Referees set up under the Excess Profits Tax Act in order to determine the basis on which the provisions of the Act are to be applied. The decision of the Board will not be known for some time, but in the interim and in order to be conservative, provision has been made in the accounts for the maximum tax that can be levied under the powers of the Board of Referees."

Working capital is slightly higher this year, but a bank loan of $300,000 has been necessary to finance the increased inventories and accounts receivable.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Operating profit	568,495	447,682
Add: Invest. income	8,126	9,939
Net earnings	576,621	457,621
Less: Depreciation	236,935	173,706
Income & E. P. tax.	193,102	59,923
Net profit	146,584	223,992
Less: Pref. divd.	41,184	41,184
Common divd.	28,384	28,384
Surplus for year	77,016	154,424
Add: Prev. surplus	240,634	67,003
Rylties res. not req.	......	19,207
Surplus forward	317,650	240,634
Earned per Share:		
Preference	$4.44	$6.80
Paid	1.25	1.25
Common	1.86	3.22
Paid	0.50	0.50
Shares O/s.:		
Preference, $25 par	32,947	32,947
Common, $70 par	56,768	56,768

Working Capital

	1940 $	1939 $
Current assets	3,380,675	2,776,443
Current liabilities	923,059	369,490
Working capital	2,457,616	2,406,953

Balance Sheet Changes

	1940 $	1939 $
Cash	121,309	398,137
Accts. rec., less res.	1,095,304	493,270
Inventories	2,164,062	1,885,036
Bank loan	300,000	
Accts. payable	377,657	283,057
Accrued taxes	245,402	86,433

Windsor Hotel

Improved earning power is reported by Windsor Hotel Ltd. During 1940 earnings totalled $162,670, as against $132,501 the year before. In both cases the gross income was sufficient to cover bond interest, but after depreciation there was a net loss last year of $41,343, compared with $74,541 the year before.

Net working capital position of the company was relatively well maintained. During the year the bonded debt was reduced from $2,421,825 to $2,351,825. Book value of investments declined about $12,000 to $144,175, while the market value of same was $163,657 as against $205,321 a year ago.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Earnings	162,670	132,501
Less: Bond interest	104,013	107,042
Depreciation	100,000	100,000
Net loss	41,343	74,541
Less: Profit from secs.	10,425	1,147
Deficit for year	30,918	73,394
Add: Prev. deficit	122,629	49,235
Less: Profit bonds red.	31,367	......
Deficit forward	*122,180	122,629

Working Capital

	1940 $	1939 $
Current assets	388,687	383,891
Current liabilities	172,419	157,707
Working capital	216,268	226,184

Goodyear Tire

Goodyear Tire & Rubber Co. of Canada reports a "substantial increase" in sales for 1940 as compared with 1939, but a "reduction on the average in the margin of profit." As a result net profit is equivalent to $4.25 a share on the common last year compared with $5.25 a share for 1939.

During the past year, Goodyear redeemed 649 preferred shares at $50 each, requiring $32,450, and added $25,981 to the redemption fund, bringing this account to $219,588.

Total amount paid in taxes, or provided, for 1940 amounted to $2.5 millions in comparison with $1.3 million in 1939.

Consol. Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Earnings after taxes	1,960,039	2,204,249
Less: Depreciation	568,525	551,747
Net profit	1,391,514	1,652,502
Less dividends:		
Preferred	298,511	299,831
Common	643,150	643,150
Surplus for year	449,853	709,521
Add: Previous surplus	7,874,641	7,808,270
Less: Common bonus	......	643,150
Earned surplus fwd.	8,324,492	7,874,641
Earned per Share:		
Preferred	$11.67	$13.80
Paid	2.50	2.50
Common	4.25	5.25
Paid	2.50	2.50+2.50
Shares O/s.:		
Preferred, $50 par	119,080	119,729
Common, n.p.v.	257,260	257,260

Working Capital

	1940 $	1939 $
Current assets	10,385,347	10,073,099
Current liabilities	1,138,220	1,132,302
Working capital	9,247,127	8,940,797

Pulp and Paper Industry

Assure Supply U.S. Newsprint

A.N.P.A. Assured No Retaliation Because of Editorial Policies

From Our Own Correspondent

OTTAWA. — Canadian officials have given assurance to Cranston Williams, general manager of the American Newspaper Publishers' Association, that there will be no interference with the flow of newsprint to American newspapers regardless of editorial or news policies.

At the present time, owing to the agitation carried on in two or three Canadian weeklies to stop exports of newsprint to the Chicago Tribune—because the policy of that paper is critical of Britain—a campaign is under way in the United States against Canada and Britain.

Isolated Agitation

The argument of those carrying on the campaign is that Canada is seeking to use all available means to suppress the free expression of opinion in American newspapers and magazines. Some color is lent to this campaign by the editorial comment of these few papers. Of course, for every weekly which has made this suggestion, other and more influential Canadian newspapers and weeklies have condemned the proposal—pointing out how indefensible it would be for Canada to make the sale of newsprint conditional upon editorial policies agreeable to this country. But the United States campaigners never mention the publications which have answered the small minority of weeklies that have advocated this course.

No Big Stick

So far as the Government at Ottawa is concerned, the proposal to attach any conditions to the sale of newsprint is hotely resented. Such a policy would be repugnant to freedom.

"The newsprint supply situation is always followed closely by the A. N. P. A.," Mr. Williams reports, "and because of some suggestions that prorationing be applied to non-commercial mills in Canada, I have made some investigations. Various aspects have been discussed with high officials in Canada. I am glad to say that assurances have been given that powers over prorationing will not be used to interrupt a steady flow of newsprint to the United States publishers, regardless of what may be the attitude of any newspaper about any subject on its editorial page or in its news columns."

The statement issued by Mr. Williams, says Editor and Publisher, comes after several months of agitation by some Canadian mills for application of prorationing to the mills operated in Ontario and Quebec by The Tribune. As is well known, these operations have been kept from prorationing on the basis that their product is used entirely by the publisher owners and does not enter the general paper market.

Virginia Studies Plans For Newsprint Mill

From Our Own Correspondent

MONTREAL.—Possible construction of a mill in Virginia to manufacture newsprint from southern pine was discussed by Raymond B. Bottom, president of the Newport News Press and Times Herald, at the Virginia Press Association's midwinter meeting, according to Editor and Publisher.

Approximately $7 millions will be required to construct a plant to turn out about 50,000 tons a year, said Mr. Bottom, who reported the United States Forest Service is making a survey of Virginia's woodlands.

Enquiry has been made of Virginia dailies as to whether they will use the newsprint "if and when it is manufactured in the States," and the response was satisfactory, Mr. Bottom said.

Canada Supplies 67% U.S. Market

Feature of January Returns is Rise in U. S. Mills' Share

From Our Own Correspondent

MONTREAL. — Canada supplied 67% of the United States newsprint requirements in January, 1941, as against 65% for the same month a year ago.

Newfoundland's share of the market remains unchanged. Imports from Europe are negligible, whereas a year ago they amounted to 3% of the U. S. supplies.

The principal change, marketwise, is the increasing share supplied by American mills.

Trend of Supply

A long trend comparative breakdown of the U. S. sources of supply follows:

Sources of U. S. Newsprint Supply (% of Total)

	Can.	Nfld.	U.S.	Europe
1941 (Jan.)	67	4	29	..
1940	68	5	26	1
1939	62	3	26	9
1938	63	2	27	8
1937	68	3	22	7
1936	66	3	25	6
1935	62	4	28	6
1929	57	4	36	3
1926	47	3	47	3
1913	15	..	85	..

Uphold India's Newsprint Price

Canadian Mills Maintain Usual Schedule Despite Higher Shipping Costs

From Our Own Correspondent

MONTREAL.—Because of conditions beyond their control Canadian newsprint manufacturers have been subjected to considerable criticism by users of newsprint paper in British India. Resentment has arisen over the fact that the delivered cost of newsprint has jumped very sharply since India has had to depend upon Canada rather than the Scandinavian countries.

Canada, together with Newfoundland, now supplies nearly 32,000 tons or about 80% of India's imports of newsprint. Normally India imports some 40,000 tons, of which over 90% came in the pre-war period from continental countries which are now shut out of the Indian market due to the war.

British Indian publishers have been faced with a sharp rise in costs due to the heavy increase in newsprint paper price. Canadian manufacturers heretofore have been blamed for this. However, steps were taken, as soon as this became known, to inform purchasers in the Indian market that all the increase in prices is due to the rise in freights and insurance. Indian importers have themselves to pay these increases, as the mill price of Canadian newsprint has stayed exactly where it was last year.

Freight rates from Canada to India have trebled during the last year. The Canada-Australia rate has advanced only 56%, while the Canada-South America rate has remained practically unchanged. Rates to the Far East from Canada have doubled.

In view of the clearer understanding of the Canadian newsprint policy, efforts are being made by importers in British India to secure some more equitable adjustment of freight rates. Meanwhile Canadian manufacturers are holding down the price of newsprint in order to consolidate their position in the Indian market in the hope that they will be able to retain it after the war.

Bowater's Output Reaches Record

Newsprint Production Totals 197,634 Tons in 1940

From Our Own Correspondent

MONTREAL.—Newsprint production of Bowater's Newfoundland Pulp and Paper Mills Ltd. in 1940 reached an all-time peak of 197,634 tons, compared with 161,724 tons in 1939, and a previous high of 175,269 tons in 1931.

In addition production of air dried sulphite amounted to 9,877 tons, compared with 2,642 tons in 1939.

Following are production figures of newsprint and sulphite from 1931 to 1940:

Year:	Newsprint Tons	Sulphite Air Dry Tons
1931	175,269	....
1932	144,986	....
1933	133,060	....
1934	161,680	....
1935	169,137	....
1936	166,188	....
1937	181,931	....
1938	131,535	....
1939	161,724	2,642
1940	197,634	9,877

Lake St. John & Power Issued Stock Greater

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading an additional 57 common shares of Lake St. John Power & Paper Co. The company states that as at January 29 last there were 99,882¼ shares issued and outstanding, leaving a balance of 117¾ shares.

Pulp Figures At High Level

Returns for Canadian and U. S. Mills Near Record in 1940

From Our Own Correspondent

MONTREAL.—Pulp production in Canada last year amounted to 4,887,000 tons, according to the daily mills stock reported. This contrasts with 4,058,897 tons in 1939, an increase of 20.4%. The output last year was the largest in the history of the Canadian industry with the exception of 1937 when production aggregated 4,994,490 tons.

Reflecting the change in the International marketing situation, due to war conditions, exports of pulp from Canada last year totalled 1,068,490 tons. This was 51.4% greater than in the previous year, when shipments amounted to 705,515 tons.

Canada's Share Larger

Because of greater dependency upon domestic sources, production of pulp in the United States last year at 9,007,000 tons was 28.8% over that reported in the previous year. Despite contraction of nearly 40% in imports of pulp, the United States exported 480,362 tons, as against 139,504 tons in 1939, an increase of 244.3%.

Total imports of pulp into the States last year were 1,224,569 tons. This compares with 2,026,413 tons the year before. Of last year's imports Canada supplied 828,306 tons and Europe 396,263 tons. The year before imports from Canada were 643,381 and from Europe 1,384,032 tons.

Mexico Drops Control Of Newsprint Purchase

From Our Own Correspondent

MONTREAL.—Mexico has ended government monopoly over the nation's newsprint by re-organization of the board of directors of the Compania Productora Y Importadora de Rapel, the government-controlled newsprint purchasing company. A majority government representation has been replaced by a majority publisher representation.

The company, created during the Lazaro Cardenas regime, gave the Government not only an arbitrary control of newsprint prices, but the power to cut off supply.

U. S. Advertising Linage Shows Gain in January

From Our Own Correspondent

MONTREAL.—Full effect of six months of Government spending on the defense programme at last began to appear in newspaper linage in January, which showed a 5.8% gain over the same month in 1940, according to Editor and Publisher's compilation. This is based upon Media Records survey of 52 key American cities.

Every classification in January showed a gain except automotive. All classifications but three were ahead on the index which is compiled to eliminate seasonal fluctuation.

The total advertising linage for the month was 93.2 million, as against 88 million in Jan., 1940.

JAMES W. SEWALL
Ruttan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

Latest development in paper manufacture
"Sampson White Envelope"
has a bond finish; is carried in two weights; is brilliant white; is opaque, and has the unusual qualification of having the strength of a rag content bond three times the price.
Toronto Envelope Co.
LIMITED
366 Adelaide St. W., Toronto

Good Tailoring
Good tailoring is a matter of close attention to individual design and fitting. Levy Bros. have always made a specialty of this type of tailoring. Their years of experience in meeting the most exacting demands enable them to offer you assurance of complete satisfaction.
Levy Bros.
MAKERS OF MEN'S CLOTHES
69 WEST KING STREET, TORONTO

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Streamlined Municipal Accounting

Modern Business Machines Cut Costs and Prevent Errors

For $302 the Village of Delhi, Ont., recently installed a machine to do a major portion of its municipal accounting.

Amortized over a period of say 10 years, annual cost of the unit is only $30.20. For this insignificant sum, slow, antedated and inefficient auditing and billing have been transformed into speedy, error-proof and money-saving accounting.

Delhi is typical of what has been done many places. But Canadian municipal officials generally have been slow to recognize the savings and advantages of machine methods—despite the fact a municipality usually has more accounts on its books than the largest industry situated therein. Civic administration is more poorly equipped than Canadian business or United States municipal offices.

Ontario Gives Lead

Ontario's department of municipal affairs has taken the initiative in improving this situation. Legislation permitting the machines in offices of towns and cities dates back to 1931. Amendments to the Assessment Act approved in the 1940 session of the legislature have extended this to all municipalities. Accounting and addressing machines capable of recording assessment rolls and notices, tax rolls and bills, water rate rolls, receipts, licenses, etc., now can be installed.

A major step forward will have been made when accounting methods are standardized, particularly in the smaller municipalities. The Ontario department, with this in view, has published a manual for villages and townships, containing details of methods successfully employed in one Ontario centre.

Recognition by Ontario authorities of the need for modern methods indicates the demand for machines for municipalities will be increasing. Some offices already are fully modernized. Others have installed the first units of streamlining schemes. Some of the more recent Ontario installations are Teck township, Belleville, Brockville, Kitchener, Guelph, Waterloo, New Toronto and St. Catharines.

Indicative of the work a bookkeeping-accounting machine can do is the experience of Teck township in northern Ontario. It has installed two machines, and each will record the following information:

1. Assessment and tax rolls.
2. Assessment and tax notices.
3. Tax ledgers—current and arrears.
4. General ledger.
5. Accounts payable and accounts receivable ledger.
6. Payrolls.
7. Record of inventories.
8. Road accounting.
9. Relief.
10. Water metering and accounting.

Saves Money

There are four primary advantages to be gained from machine methods.

First, they provide substantial labor savings in most municipal offices. In no case should there be any increase in expense as compared with manual methods.

Hon. Eric Cross, former Minister of Municipal Affairs in Ontario, said that, "financial difficulties may be traced directly to faulty accounting and inefficient auditing in a large number of municipalities." Machine methods, installed and initiated by experts, reduce this risk.

Hamilton, one of the first Canadian cities to adopt mechanical method for preparing tax assessment and collection forms, saves about $12,000 annually—7.7 cents per capita—on a capital investment of $20,000 in machines. Sufficient to pay for the installation was saved in about 20 months. Machines have eliminated staffs of temporary and often inefficient help. They also have saved the extra work needed to double-check every entry done by manual methods.

An annual saving of $45,000 could be made by Toronto if complete mechanical accounting methods were installed in the municipal office. This is the finding of a committee of five independent accountants appointed by the Board of Control. The saving would be primarily in eliminating the employment of large staffs of temporary clerks. Total cost of the required equipment was placed at about $85,000.

Prevent Errors

Second, machines act as protection against errors. In pen and ink accounting, a cipher is sometimes poorly written and often incorrectly read. There can be no doubt about a machine figure. Furthermore, it is unnecessary to take the time to check entries as with manual methods.

Further protection is provided in the day-to-day check of all totals on a machine. Other methods seldom provide any check but the yearly audit.

Third, protection is provided against fraud. Shortages are a comparatively simple matter with manual bookkeeping methods, where the annual audit is usually the only detector. When the leak is discovered the loss is already substantial.

An instance of this is an Ontario town, the tax collector of which was alleged to be $7,200 short in his accounts. The bonding company declined to pay the loss because bookkeeping methods were such as to make it impossible to tell whether or not any money was missing. Machines would have saved any doubt, as all totals and figures would have been checked and cross-checked as each entry was made. Usually manual methods are checked only once a year when the audit is made.

More Efficient

Fourth, machines provide more efficient and quicker service. Manual methods still widely in use require the same information to be rewritten many times. Machines can do the work in a single operation, as illustrated in the case of York township, Ontario.

Under the old system, employees were rewriting the descriptions of land titles, in whole or in part, five different times each year. The same information was listed on each of the following:

1. Field books.
2. Assessment notices.
3. Assessment rolls.
4. Collectors' rolls.
5. Tax bills.

A typical example of improved efficiency is provided in the unit ledger, used in machine methods. This keeps a complete record of all taxpayers for each year on one card. Old methods provide a separate tax bill for each year. To check an eight-year record, it is necessary to refer to eight different sources.

Speeding up of work also is true in the case of auditing. It is probable, in some cases, that only half the time is required for an audit on machine records, compared with pen and ink ones.

There is a saving likewise to the taxpayers in time and patience when he goes to pay his tax bills. Machines minimize line-ups and eliminate confusion.

New Trend

A development threatening to overwhelm the old manual methods of accounting is the growing demand among taxpayers to pay taxes on the installment plan. They are accustomed to paying trade bills, gas, telephone and electric accounts monthly, so ask: "Why shouldn't the same apply to taxes?" Municipal offices with manual accounting methods will find it extremely difficult to cope with the added work in meeting this demand.

One Canadian municipality which already has adopted the installment plan is Oshawa. Taxes can be paid in five installments annually compared with two formerly. It is said the installation of machines has enabled the municipal offices to handle the extra amount of work involved with no increase in costs or labor.

Primary Unit

Primary unit in a modern municipal office is the addressing machine. It already is installed in many of the larger municipalities—Halifax, Edmonton and Vancouver—to mention but a few. Its primary function is to emboss tax records plates with name, address and description of property. One plate is made for each taxpayer and all are filed away ready for use whenever necessary. They can be used indefinitely and one need only be put back on the addressing machine when a change is to be made.

When the annual preparation of tax rolls, and what-have-you is done, information from the plate is transferred in one operation to the tax bill, unit tax ledger and tax roll. An accounting attachment used in conjunction prints all figures, does the necessary calculating and extends all totals.

Varied Uses

Certain adaptations of machines permit them to be used for repeating, as well as for recording payments on tax accounts. Dog and bicycle licenses can be issued more efficiently than by hand methods. Billing, receipting and recording of utility accounts, such as water, light, telephone, etc.—where a municipality owns utility or utilities—can be done on the same machine.

Different sizes and types of machines are available for various sizes of municipalities and for the different accounting systems employed.

All the accounting and recording work entailed by assessments and taxes in Kingston (illustrated above) and York Township, Ont. (illustrated right), is done by streamlined machine methods. These are but two of many municipal offices in Canada which have taken advantage of such time and money-saving devices.

Hamilton — one of the first cities in the Dominion to adopt mechanical methods — saves about $12,000 annually on a capital investment of only $20,000. Temporary and often inefficient office workers are eliminated, while daily instead of annual audits guard against the danger of fraud.

Photographs—Above: Courtesy Underwood Elliott Fisher Ltd.; Right: National Cash Register Co. of Canada Ltd.

Shawinigan Expects Gain

From Our Own Correspondent

MONTREAL.—Demands for power for both war and general accounts should increase during the current year, with resulting expansion in the company's gross earnings, according to a statement made by James Wilson, president, at the annual shareholders' meeting of Shawinigan Water and Power Co. On the other hand, Mr. Wilson added: "In view of the rising trend of the company's taxes, which jumped from $419,000 to $1,340,000 last year, it is impossible to say what is likely to be the 1941 result in point of net earnings."

Chemical Plant Busy

In referring to the outlook for the company's subsidiary, Shawinigan Chemicals Ltd., Mr. Wilson said: "The plant continues to operate at capacity and has been able to meet all demands made upon it."

Shareholders approved a by-law decreasing the number of directors from 14 to 12, consequent upon the resignation of J. E. Aldred, as chairman of the board and of J. A. Walls, as a director.

. . . it's worth $106,000,000!"

We like the Food Market, because that's where the Star Weekly can do a bang up job. It works out this way — The Star Weekly reaches more people than any other single medium. And because every single one of those people has to eat, each one is a prospective customer for your product.

Actually, it works out that Star Weekly readers spend around *One hundred and six million, seven hundred and seventy-one thousand dollars each year on food purchases!* That's 18.9% of the Dominion's food purchases.

Furthermore, Star Weekly circulation is spread thoroughly over the various "income groups" — so that if you want class or mass circulation, the Star Weekly gives it to you.

One more important point. Star Weekly circulation is heaviest in the urban centres, it follows the population groupings. Therefore your advertisements in the Star Weekly do the most good where they will do *you* the most good—in the centres where most of the retail outlets are situated, and where most of the retail business is done! And incidentally, the Star Weekly reaches those hundreds of thousands for an exceedingly low milline rate.

Currently, the circulation figure is over 450,000 for

The STAR WEEKLY

PUBLISHED AT 80 KING ST. W., TORONTO, CANADA
Montreal Advertising Office: University Tower.
U. S. Representatives: Chas. H. Eddy Co., Inc., New York, Chicago, Boston, Atlanta.

BUY WAR SAVINGS CERTIFICATES REGULARLY

GET THE FACTS AND YOU'LL GET A FORD!

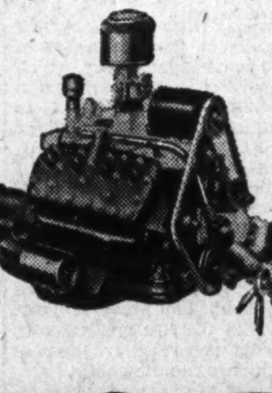
LOOK AT THE VALUE IN THE 1941 FORD

Like floating on air

THE NEW FORD RIDING COMFORT

FORGET THE BUMPS, forget travel weariness. There's a new standard of riding comfort in the low price car field. The Ford for '41, grown bigger and more beautiful, is also re-engineered beneath its floor. Slower-acting springs, with improved hydraulic shock absorbers and ride stabilizer of new design give a new ride sensation. Riding in a '41 Ford is like riding on air—you simply float along.

Look at the size of the '41 Ford—its longer wheelbase, its massive, wide body in which running boards have almost disappeared. There's more seat room . . . head room . . . leg room. Doors are wider, there's a greater expanse of glass.

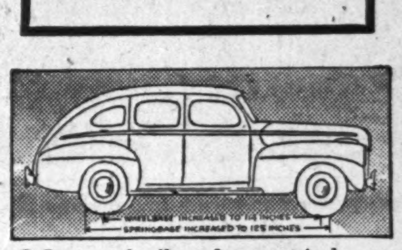


GREATEST ENGINE IN THE LOW PRICE FIELD

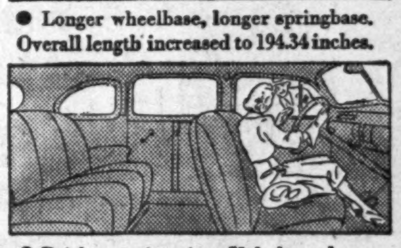
The '41 Ford is the only low price car with a V-type eight cylinder engine. Remember—all the higher priced cars have eight cylinders or more. V-type engines hold world's records on land, on sea and in the air. Ford is powered with the famous V-8, the engine that has hung up records of gasoline economy and trouble-free reliability year after year.

So when you can buy the big, new, sweet-riding Ford for less than you'd pay for any low priced six, why be satisfied with less than an eight—a Ford V-8. See a Ford Dealer now.

$35 a month with reasonable down payment buys any Ford V-8.



● Longer wheelbase, longer springbase. Overall length increased to 194.34 inches.

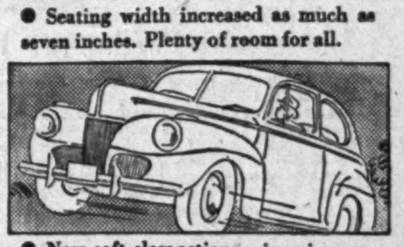


● Bright, new interiors. Upholstery beautifully tailored in new colour harmonies.

● Faster acceleration added to famous Ford V-8 performance by new gear ratios.

● Bigger windows. Vision increased up to 33%. Narrow corner pillars.

● Seating width increased as much as seven inches. Plenty of room for all.



● New, soft, slow-action springs, improved shock absorbers, new ride-stabilizer.

● Big 1941 Ford gives extra luggage room in the spacious luggage compartment.

DRIVE A FORD V-8

DOMINION BRIDGE COMPANY LIMITED

Steel Structures • Plate Work
Railway and Highway Bridges
Williams Buckets • Turntables
Electric & Hand Power Cranes
Mining Equipment • Forgings
Barges • Coal and Ore Bridges
Caissons • Coal Pulverizers
Boilers—Heating and Power Types • Liftlocks
Hydraulic Regulating Gates and Operating Machinery

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HEAD OFFICE...LACHINE (MONTREAL) QUE.

Branch Offices and Works
OTTAWA • TORONTO • WINNIPEG • CALGARY • VANCOUVER
Agencies: REGINA • EDMONTON

Life Insurance

Find Exchange Control Working Smoothly

Major Problems Ironed Out and Regulations and Ruling Simplified and Interpreted — Life Companies Carry on Much as Usual

After 18 months of foreign exchange control in Canada the system as it affects the life insurance business is now declared by company executives to be working smoothly with a minimum of inconvenience.

Realizing the international nature of the business and the importance to both policyholders and companies of all obligations being met, the Foreign Exchange Control Board right at the start formed an insurance section under the direction of experienced life insurance men. Considerable freedom was allowed the companies and in return they are held responsible for conducting their operations in full conformity with the principles of control..

Regulations Interpreted

Major problems have been ironed out, it is claimed. Regulations and rulings have been simplified and interpreted to facilitate their operation. As these rulings affect the position of the companies themselves policyholders resident in Canada or elsewhere are interested in their application.

These regulations, J. A. Tuck, legal assistant of the Canadian Life Insurance Officers Association, told the Life Insurance Institute of Canada, have enabled the companies to carry on their business in Canada as usual.

One of the points he brought out in this connection was that Canadian companies cannot now issue policies payable in foreign exchange to a resident of Canada. If such contracts were issued, he explained, Canada would have to provide foreign exchange to meet payments under the contract if policyholder or beneficiary were outside Canada when payment became due. Under the board's rulings, however, he said, in the case of foreign currency policies already held by Canadian residents receipts and disbursements must be made in future in the Canadian equivalent of the amount of foreign currency called for under the contract. Exception, however, is made in the case of United States nationals and others who maintain exempted foreign currency bank accounts with the board's approval, he added.

Canadian Resident

A Canadian resident, he explained, is a person who was resident in Canada on Sept. 15, 1939, or at any subsequent time. If such a person moves out of Canada either temporarily or permanently he is still regarded as a resident of Canada for foreign exchange purposes unless he has been granted a non-resident status by the board. Therefore any payments made to him while outside Canada must be made to an address in Canada and preferably to a Canadian bank account.

When the Foreign Exchange Acquisition Order was passed on April 30, 1940, to take over all foreign exchange bank balances held by residents of Canada, Mr. Tuck stated, the foreign currency required to carry on the business of Canadian life insurance companies abroad was exempted.

Canadian companies doing business abroad have been able under the authority of the Board to carry on their business as usual. Mr. Tuck explained this meant selling policies, collecting premiums, paying claims, investing funds, etc. They are in the same position for conducting their business in the United States, for instance, as a United States company.

Deposits in U.S.

Owing to the deposits maintained with state departments or authorized depositories equal to their liabilities to the United States policyholders for their sole protection, American policyholders of a Canadian company were described by Mr. Tuck as being as fully protected as if they were insured in American companies. The regulations of the Foreign Exchange Control Board, he maintained, do not and could not alter this position.

British and U.S. Companies

Because the general regulations of the Board restrict transactions between residents and non-residents the Canadian branches of British and United States companies have been ruled residents of Canada for foreign exchange purposes. This, stated Mr. Tuck, enables business between the branches and their policyholders to be carried on in the ordinary way.

Securities deposited by Canadian branches of British and United States companies with the Receiver-General of Canada are regarded accordingly as property of a resident of Canada. Other Canadian investments of British and United States companies, however, are regarded by the board as being non-resident investments and therefore the income on such investments is paid in foreign exchange whether the contract calls for Canadian dollars or foreign currency.

$1,465,589
DIVIDENDS RETURNED TO POLICYHOLDERS IN 1940

. . . a convincing demonstration of how a mutual fire insurance company, operated for the benefit of its policyholders, can effect definite, clear-cut savings in their insurance costs.

These benefits are available to YOU today. Enquire now—local agents and branch offices across Canada.

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CANADIAN HEAD OFFICE · VANCOUVER

United States Fidelity & Guaranty Company
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Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING
TORONTO
SERVICE SAVING SECURITY
Fire and Allied Lines Written in Associated Companies

Life Insurance Sales Decline

Decreases Shown in Newfoundland and All Provinces But One

Life insurance sales in Canada and Newfoundland in January at $28.3 millions were about 16% lower than in 1940, according to figures furnished by The Life Insurance Sales Research Bureau. The figures are based on reports from 18 companies, having 85% of the total business in force.

Nova Scotia was the only province where an increase in sales was reported, the gain there being 23.4%. The largest decline per cent was in Prince Edward Island, where sales fell away 39.1% from last year.

Figures for the different provinces follow:

Life Insurance Sales in Canada and Newfoundland January

	—000's of $— 1941	1940	Change %
Alberta	1,225	1,443	—15.1
Br. Columbia	1,927	2,640	—27.0
Manitoba	1,641	2,054	—20.1
New Brunswick	776	939	—17.2
Nova Scotia	1,237	1,002	+23.4
Ontario	12,603	15,423	—18.2
Pr. Edward Isl.	133	219	—39.1
Quebec	7,702	8,608	—10.5
Saskatchewan	823	1,062	—22.5
Newfoundland	259	336	—22.6
Total	28,326	33,726	—16.0

Sales by Months, 1938-1941 (000's of $)

	1938	1939	1940	1941
Jan.	31,287	28,767	33,726	28,326
Feb.	31,796	29,202	31,820	.....
Mar.	33,461	31,710	30,265	.....
Apr.	30,612	26,357	32,248	.....
May	31,016	30,123	31,779	.....
June	35,660	32,226	28,530	.....
July	30,635	20,902	28,159	.....
Aug.	28,446	26,494	24,693	.....
Sept.	27,928	34,252	26,156	.....
Oct.	32,372	31,900	31,210	.....
Nov.	37,167	33,034	32,899	.....
Dec.	36,475	34,759	33,727	.....
Totals	386,855	368,726	365,217	.....

Great West Life Gets License in Missouri

The Great West Life Assurance Co. has been licensed to do business in the State of Missouri. This makes the seventh state in which the company operates, the others being North Dakota, Minnesota, Michigan, Illinois, Washington and Indiana.

Automobile Insurance

Proposed Safety Bill Has Teeth in It

Canadian Circles Interested in Suggested New York Law to Provide Severe Penalties for Motorist Not Financially Responsible

Canadian automobile insurance interests are much interested in proposals recently made for the enactment of a compulsory automobile insurance law in New York State. In most quarters it is claimed that the present financial responsibility laws in force in various Canadian provinces are preferable to the average compulsory insurance law. But it has also been felt that new legislation in other jurisdictions should be studied to see if any means of improving existing laws might be discovered.

A new bill just introduced in the New York legislature has attracted considerable attention. It is described as a combination safety responsibility act and was drafted by the New York Bar Association. Insurance interests participated in many conferences with the sponsors while the bill was being drafted. It is stated that all differences were reconciled in preparing the final draft.

The new bill provides severe penalties for erring motorists who fail to show their financial responsibility. It has been described as having real teeth in it.

Main provisions of the bill are:

Must Have Insurance

When an accident occurs involving death or personal injuries in any amount or property damage to the amount of $25, the motorist involved must be able to show that he is insured by a motor vehicle liability policy or bond up to $5,000 for bodily injury or death to one person, $10,000 for two or more persons and $1,000 for property damage. If he is not insured the Commissioner of Insurance must suspend his driver's and owner's license within not less than 10, or more than 45 days, after he receives a report of the accident, unless the motorist furnishes security to cover the accident.

Proof of financial responsibility for the future is required either in the form of a standard policy or bond or by depositing $11,000 with the Department of Taxation and Finance. If security for the first accident as well as proof of responsibility for the future is not furnished, the person involved not only loses his permit to drive but the saleability of the automobile, if it is his, is destroyed. It cannot be driven by anyone or sold until the required security is forthcoming.

If No Claim Made

The uninsured driver, however, does not have to furnish security for the first accident, if there is no claim made against him by other persons within a year, or if a court judgment is given in his favor, or if he satisfies any judgment made against him. But proof of responsibility for the future must be given.

The Commissioner may suspend all licenses of any person on any reasonable grounds appearing on his bureau records unless proof of financial responsibility is furnished.

Provision is made for the payment of damages by installments so that a person would be allowed to drive as long as he showed financial responsibility for the future. The owner of an automobile may give proof for his chauffeur or a member of his family.

Applies to Non-residents

The law would apply to non-residents as well as residents. In case of non-compliance with the law by a non-resident, he cannot drive in the state nor can his car be driven within the state until he does comply with the law. Provision is made for making reciprocal arrangements with other states and the provinces of Canada.

It is stated that this bill has been modelled fairly closely on the financial responsibility law of New Hampshire.

Insurance Company Reports

Canadian Fire

An increase of 7.1% in net premium income is shown by the Canadian Fire Insurance Co. in its report for the year ended Dec. 31, 1940. Investment income was 3.2% higher.

Losses and adjustment expenses showed an increase of $46,327 or 16%, and general expenses were $27,825 or 7.8% higher.

The ratio of losses incurred to premiums earned was 39.6% against 36.2% in 1939, while the expense ratio was slightly lower than in the previous year. Total assets were higher by over $117,950, the expansion being in bonds and debentures. other investments being slightly lower.

	1940 $	1939 $
Net prem. inc.	847,801	791,269
Invest. income	100,612	97,412
Losses & adjusts. etc.	324,999	278,672
General expenses	384,795	356,970
Total assets	3,054,560	2,936,610
Bonds & debs.	2,039,338	1,748,793
Other invest.	525,538	621,240
Res. unearned prems.	564,872	537,204
P'holders surplus	2,086,195	2,048,954
Loss ratio %	39.6	36.2
Expense ratio	47.5	47.7

Portage La Prairie

Net premium of the Portage La Prairie Mutual Insurance Co. in 1940 showed an increase of 5½% over the previous year. Although slightly heavier losses and expenses are shown for the year, surplus was increased by $36,681 and now stands at an all time high of about $500,000, while assets rose by $50,000.

In his report, A. H. Thorpe, manager, stated that the company now has $3.33 assets for every dollar of liability.

Premium note business was increased during the year, it was reported and collections at Dec. 31 were a little better than 89% of the amount expected.

At the close of 1940 the company had on its books fire insurance amounting to $81.8 millions of which $9.3 millions was reinsured. Of the gross amount, $48 millions was on the premium note system. Windstorm business totalled $2.7 millions, of which $527,292 was reinsured.

	1940 $	1939 $
Net prems. earned	344,350	325,669
Losses & expenses	328,140	292,271
Underwr. gain	16,210	33,418
Interest	22,802	19,934
Profit on sec.	14,034	605
General revenue	53,471	56,406
Charges	16,790	28,438
Net profit for year	36,681	27,967
Total assets	776,263	726,254
Bonds & debs.	650,016	549,487
Cash	72,316	139,360
Agents' balances	29,805	30,124
Res. unearned prems.	153,835	148,209
Surplus	466,417	429,736

Canadian General Group

Increased assets and surplus are shown by the Canadian General Insurance Co. for 1940. The loss ratios in the casualty and fire departments were lower, but higher in automobile.

The company this year is featuring in its statement the experience of the last 10 years of its history, which included several years of depression and a number of difficult years in underwriting in fire and automobile insurance. During that period assets have increased over $600,000, surplus to policyholders $90,000 and premiums written $340,000. Dividends paid during the period were $150,000.

The Toronto General, which operates under the same management, also shows higher assets and surplus compared with the previous year. Loss ratios in the fire and casualty departments were lower than in 1939, but higher in automobile.

Over the 10-year period this company, the statement points out, shows a reduction in premiums written of about 50%. This is attributed partly to retrenchment in underwriting and in large measure to loss of a large amount of workmen's compensation business in Quebec owing to the formation by the Quebec Government of a Workmen's Compensation Board. During the period, however, the reserve of unearned premiums increased about $45,000, surplus to policyholders $140,000 and investments $240,000. During the 10 years the company paid $142,000 in dividends.

Automobile business, it is noted, continues a problem for the companies in spite of a conservative underwriting policy.

Comparative figures for the two companies in the group follow:

Canadian General

	1940 $	1939 $
Net prems. earned	933,707	884,686
Assets	1,934,324	1,812,586
Bonds & debs.	1,401,234	1,250,653
Stocks	234,737	246,239
Agents' balances due	142,035	130,848
Res. unearned prems., etc.	556,811	514,808
Other reserves	415,873	365,026
P'holders' surplus	961,638	932,752
Loss ratios:		
Automobile	44.40	41.43
Casualty	35.84	38.17
Fire	34.63	45.99

Toronto General

	1940 $	1939 $
Net prems. earned	654,461	686,321
Assets	1,471,450	1,400,491
Bonds & debs.	1,018,742	970,380
Stocks	177,335	185,215
Agents' bal. due	82,839	72,948
Res. unearned prems., etc.	371,543	340,383
Other reserves	321,672	306,575
P'holders' surplus	778,234	753,531
Loss ratios:		
Automobile	60.01	42.92
Casualty	40.11	45.11
Fire	34.63	45.92

Insert War Clause In Auto Policies

Superintendents Association Suggests Addition to Statutory Conditions

Insertion of a war clause in the statutory conditions of the standard automobile insurance policy in all provinces except Quebec has been recommended by the Association of Provincial Superintendents of Insurance.

The intention of this is to relieve automobile insurance companies of liability for damage due to war. It makes no difference whether the war is in the nature of invasion, civil war, rebellion, or caused by usurped power.

Once the statutory condition is adopted it becomes effective it is stated, not only as regards new contracts, but as regards those already in force.

Until the provincial legislatures enact this provision, insurance companies may attach to their renewal receipts or to new policies, an endorsement having the same effect as the recommended statutory condition.

The suggested war clause will affect drivers' policies as well as those of automobile owners.

Insurance Notes

The Mutual Benefit Health and Accident Association has just placed an additional $25,000 in securities on deposit with the Dominion Department of Insurance. The total amount the Association now has on deposit with the Receiver General for the protection of Canadian policyholders is $542,500.

* * *

The average length of life of the industrial wage earner in Canada and the United States has reached 63 years as a result of the favorable health conditions prevailing among them last year, according to a computation made by the Metropolitan Life Insurance Co. This result was based on the experience of the company's millions of industrial policyholders and constitutes a cross section of this class of population.

* * *

Laurie Butler, manager of the Equitable Life of Canada at Ottawa has been awarded the company's prize for outstanding production and leadership in agency development in 1940. The prize is known as the President's shield. Mr. Butler led the company's managers in percentage of business to quota for the past year.

Obituaries

Richard S. Dening, formerly general manager of the old Huronian Belt Co. and Pioneer Mining Corp., and at one time director of Keeley Silver Corp., Vipond Consolidated Mines, Cooper Gold Mines and Canadian Lorraine Silver Mines, aged 52, at Toronto.

John Pritchard, former member of Parliament and a past president of the United Farmers of Ontario, aged 79, at Palmerston, Ont.

Sir Frederick Banting, co-discoverer of insulin, in airplane crash in Newfoundland, aged 49.

Lieut.-Col. Malcolm Lang, former chairman of the Temiskaming and Northern Ontario Railway, aged 67, at Toronto.

The WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus ... 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

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CASUALTY
AUTOMOBILE
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ESTABLISHED 1797
HEAD OFFICE FOR CANADA. 12 Wellington St., Toronto
E. M. WHITLEY, General Manager for Canada
F. W. LAMONT and C. C. PAULL, Asst. Managers

The Fire Insurance Company of Canada
MONTREAL
Balance Sheet — December 31, 1940

ASSETS

Cash	$ 176,798.11
Investment Securities at Market Values allowed by the Department of Insurance	1,266,495.81
Accrued Interest	10,326.76
Due from Agents	98,642.54
Due from Reinsuring Company	2,606.66
	$1,554,869.88

LIABILITIES

Unearned Premium Reserve (Legal Standard)	$247,555.50	
Losses under adjustment	10,667.00	
Reinsurers' Deposits	94,106.07	
Due to Reinsurance Companies	48,465.35	
Accrued Taxes	33,805.55	
		$ 434,599.47
Contingent Reserve		50,000.00
Capital Stock Authorized and fully paid 5,000 shares $100 par value		500,000.00
Surplus Account		570,270.41
		$1,554,869.88

Hon. Senator RAOUL DANDURAND, K.C., P.C.
President

J. A. BLONDEAU
Vice-President and Managing Director

PORTAGE LA PRAIRIE, WINNIPEG, REGINA, EDMONTON
THE PORTAGE MUTUAL INSURANCE CO.
UNITED SERVICE WITH SECURITY
Established 1884

The Fifty-Seventh Annual Report of
The PORTAGE LA PRAIRIE Mutual Insurance Company
Balance Sheet as at December 31st, 1940

ASSETS

Real Estate (Head Office Buildings)		$ 6,000.00
Bonds and Debentures at Book Value (Par Value, $678,849.68)	$650,016.65	
LESS: Amount to reduce to Values approved by Dom. Govt.	26,179.44	
Market value as approved		623,837.21
Deposits with Trust Companies for Investment		15,000.00
Cash in Banks		72,316.63
Interest Accrued on Investments		6,212.71
Agents' Balances		29,805.74
Assessments Unpaid		21,041.06
Surrender value of Life Insurance		2,050.00
OTHER ASSETS:		
Autos, Furniture and Fixtures	$ 2.00	
Agents' Balances prior to October 1st, 1940	4,803.48	
	$ 4,805.48	Not Included
NET ADMITTED ASSETS		$776,263.35

LIABILITIES

Provision for Net Unpaid Claims		$ 11,726.35
Reserve of Unearned Premiums (Dominion Government Standard)		153,835.77
Reinsurance Premiums Held as Reserve		43,577.99
Reserve for unlicensed, unsecured Reinsurance		12,603.83
Taxes due and accrued		6,515.86
Sundry Accounts		500.10
Reinsurance Accounts Payable		4,085.70
Total Liabilities		$232,845.60
Reserves for Contingencies	$ 25,000.00	
Reserve for future fluctuation of Investments	52,000.00	
		$ 77,000.00
SURPLUS brought forward Jan. 1, 1940	$429,736.60	
Increase to Surplus, 1940	36,681.15	
		$466,417.75
TOTAL		$776,263.35

Unassessed Portion of Premium Notes, $676,212.75

CERTIFICATE TO POLICYHOLDERS: We certify that we have audited the books, accounts and vouchers of The Portage la Prairie Mutual Insurance Company for the year ended 31st December, 1940. We have obtained all the information and explanations required, and after due consideration, have formed an independent opinion as to the financial position of the Company. In our opinion so formed the Balance Sheet herewith is properly drawn up so as to present a true and correct view of the state of the Company's affairs as at 31st December, 1940, according to the best of our information, the explanations given to us, and as shown by the books of the Company. All the transactions of the Company that have come under our notice have been within the objects and powers of the Company.

Winnipeg, Canada.
23rd January, 1941.
G. B. HARE & CO., C.A.
Auditors.

M. G. TIDSBURY, President
E. H. MUIR, Vice-President
A. H. THORPE, Mgr.-Secretary
A. G. HALL, Treasurer

DIRECTORS:
M. G. TIDSBURY
E. H. MUIR
JAMES McKENZIE
P. D. McARTHUR
ROBERT McDERMOTT
J. C. MILLER, K.C.
JOSEPH TRIMBLE
ARTHUR SULLIVAN, K.C., Winnipeg
HON. D. L. CAMPBELL, M.L.A.

"The Company operates under the Dominion Insurance Act, and is subject to Annual Inspection by Dominion Government Officials."

FIRE and WINDSTORM INSURANCE

CANADIAN GENERAL INSURANCE COMPANY
AND
TORONTO GENERAL INSURANCE COMPANY
TEN YEARS OF PROGRESS

Canadian General Insurance Company

1940		1930
$1,934,324	Assets as at December 31st	$1,318,554
961,638	Surplus for Protection of Policyholders	872,779
1,644,172	Investments	962,328
975,710	Premiums Written	638,397
933,707	Premiums Earned	563,015
530,811	Reserve of Unearned Premiums	279,580
91,339	Reserve for Taxes	11,000

Dividends Paid to Shareholders $150,000
Claims Paid to Policyholders and Claimants $3,758,617

Toronto General Insurance Company

1940		1930
$1,471,450	Assets as at December 31st	$1,494,964
778,234	Surplus for Protection of Policyholders	774,351
1,233,502	Investments	992,052
684,121	Premiums Written	1,235,513
654,461	Premiums Earned	1,233,809
360,043	Reserve of Unearned Premiums	314,145
37,250	Reserve for Taxes	18,000

Dividends Paid to Shareholders $142,176
Claims Paid to Policyholders and Claimants $4,186,480

G. L. SMITH, K.C., President.
W. P. FESS, Vice-President and General Manager.

Company Secretary

Thoroughly experienced in all phases of company management—bookkeeping and accounting—commercial and statute law—import and export—factory problems. Qualified C.G.A., A.C.I.—thirty years old — fifteen years with same company. Seeking greater opportunity. Write Advertiser, C/o

A. McKim Ltd., Montreal

FEATURES

in the March issue

THE CANADIAN CHARTERED ACCOUNTANT

Pooling returns from sale of agricultural products.

Source and application of funds statement.

The Canadian sales tax.

Dominion income tax rulings.

Accountants and the law of negligence.

Students' department.

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TORONTO - BRANTFORD

BRANCHES FROM COAST TO COAST

Weekly Bank Clearings

	Feb. 20 1941 $	Change yr. ago %	Feb. 13 1941 $
Halifax	3,050,731	+17.7	2,845,997
Saint John	2,202,198	+14.9	1,772,236
Moncton	758,874	+8.0	757,791
Sherbrooke	873,662	+17.9	598,794
Quebec	4,887,084	+9.8	4,066,391
Montreal	103,746,801	+24.8	78,553,772
Ottawa	36,398,515	+155.9	37,155,354
Kingston	565,806	+15.5	523,460
Peterborough	638,380	+21.6	475,132
Toronto	138,202,883	+43.7	82,109,415
Hamilton	6,265,345	+18.0	4,685,921
Kitchener	989,000	+0.4	875,290
Brantford	880,110	+4.5	808,448
London	2,449,963	—12.7	2,410,868
Chatham	577,635	—0.1	567,751
Windsor	3,215,745	+27.9	3,004,712
Sarnia	420,684	—9.3	385,551
Sudbury	772,376	+5.1	1,040,245
Fort William	1,067,165	+73.4	668,287
Winnipeg	33,158,891	—7.1	28,974,523
Brandon	311,119	+31.4	249,776
Regina	3,195,906	+20.2	3,321,045
Moose Jaw	652,610	+25.6	533,183
Saskatoon	1,271,708	+13.8	1,199,718
Prince Albert	326,969	+23.2	339,368
Edmonton	4,461,664	+12.6	3,956,983
Calgary	5,500,904	+6.9	5,340,125
Lethbridge	456,702	+6.2	499,166
Medicine Hat	252,311	+9.5	229,203
N. W'minster	705,100	+31.3	678,597
Vancouver	17,435,210	+9.1	14,285,387
Victoria	1,683,230	+4.3	1,576,594

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In the Laurentians, at base of famous Mont Tremblant . . near chair ski-lift. Every comfort at moderate rates. Write. bklt., Manoir Pinoteau, Lac Tremblant, P.Q.

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. . . here at Gray Rocks—in the Laurentians where skiing starts earlier, lasts longer, where the snow is deeper and the air brisker. 125 miles of trails. Jump. Ski tow. *And the famous Snow Eagle Ski School.* Do as thousands do annually — enjoy winter in the Mt. Tremblant sector of the Quebec Laurentians All other winter sports. Restricted clientele.

F. H. WHEELER, *Mg. Dir.*

ST. JOVITE STA., QUE.

GRAY ROCKS *Inn*

Banking

Money's Value Seen As Claim on Goods

Currency Inflation by Bringing Law of Supply and Demand Into Operation Cuts Purchasing Power — Can't Get Something for Nothing

This is the first of a series of articles dealing with the financing of wars and other government expenditures by currency inflation. In this article the general nature of money and its proper relation to the supply of available goods and services is discussed. Succeeding articles will deal with the general results of currency inflation with examples from history of the conditions which led up to governments adopting this policy and the results that followed.

By D. G. MacLEAN

Staff Writer, The Financial Post

You can't buy something for nothing.

Neither can a government pay for a new highway, a railway terminal or a war by the simple expedient of taking a quantity of paper and turning it into money by putting it through a printing press.

If it could the whole business of government could be carried on without cost to the people. Taxes would be unnecessary. Government services would be supplied, soldiers paid and wars fought without the public knowing the difference in a financial way.

Unfortunately that is not the rule of life. Wars and highways, government services and conveniences for the individual have to be paid for by somebody's effort. No one yet has found the way to the pot of gold at the foot of the rainbow.

From the time that Adam and Eve were driven out of the Garden of Eden it has been ordained that man must live by the sweat of his brow. This was just one way of stating the economic law that the life of nations as well as individuals depends on effort.

Yet practically from the dawn of history there have always been individuals who have believed there was an easy way of paying for things they wanted.

As far as governments have been concerned, increasing the volume of money, or currency inflation as it is called, has been a favorite system suggested.

For the purpose of this article currency inflation is defined as an artificial increase in the volume of money above the normal requirements of business.

A Function of Government

Currency inflation to meet government expenditures has appealed to many because as a usual thing governments are the authority charged with the issue of money, whether it be coins or paper. Supporters of this policy have said: "What is easier than for the government to create sufficient money to take care of its current needs?"

In time of war, or at other periods when government finances are specially strained, they ask: "Why tax the people heavily or borrow money and pay interest on it, when by a stamping machine or a printing press metal or paper can be turned into money to pay for the goods needed?"

What a delightful way this would be for all concerned. The government would finance expenditures without making itself unpopular because of heavy taxation. There would be no interest charges to be met, and those who furnished supplies or services to the government would be paid in government authorized currency, the usual circulating medium of the country.

Advocates of this plan, however, fail to follow through the scheme to its end, and consequently they don't realize the final results of their suggestion.

Nature of Money

One reason for this is that they don't understand the nature of money.

They seem to overlook the fact that money is not something that is necessarily valuable for itself. It is only wanted for what it will buy. Bank of Canada notes are valuable only in so far as they can be exchanged for bread, meat, a suit of clothes or something else equally useful. Even gold coins are desirable as gold only up to the use that a person might want to make ornaments out of the metal for personal adornment. In other words money in itself is valuable simply because it represents a claim on goods and services.

Robinson Crusoe had bushels of gold coins on his desert island. But their value to him was not comparable with that of his musket, his powder, bullets or his goats. He undoubtedly would have given all the gold he had for material things that would add to his comfort and safety. Accordingly, it is the exchange value or purchasing power of money that makes it desirable and acceptable.

This being the case, it is highly essential that nothing should be done that will impair this purchasing power. If, however, the volume of money is artificially increased, then the old law of supply and demand comes into play. Money loses in value in terms of other things. In other words, prices rise.

A Smaller Claim

This may be illustrated by considering the fact previously stated that money represents a claim on goods and services. If the number of claims represented by the money increases rapidly while the volume of goods and services remains unchanged, each claim represents a smaller part of the total wealth.

Suppose in an imaginary microscopic country the volume of money in circulation is $500. This is a claim on the national wealth. Now let us double the amount of money in circulation, which would bring it to $1,000. We have the same volume of goods in the country and $1,000 worth of money. Obviously each of the new dollars instead of representing one five hundredth part of the total national wealth will buy only one one thousandth part of it. Consequently the purchasing power of each dollar has just been cut in half by the currency increase. Prices therefore would have risen 100%.

A movement of this kind would obviously bring much hardship to many people. Those with fixed incomes, beneficiaries of insurance policies and depositors in the bank would find their buying power cut in two. Men working for a daily wage would also suffer because prices would rise and wages are always slower to follow. Consequently they would have to buy their everyday needs from a pay envelope containing the same number of less valuable dollars than before.

Confidence Necessary

Another point which advocates of currency inflation overlook is that buying power of money depends on people having confidence in it. If an individual is paid a dollar a day and feels that by tomorrow his dollar will buy only half as much as it would today, he will not be very ready to accept the dollar. The same thing with a merchant. If he takes a dollar in trade today for payment on his goods and feels that the next day when he goes to buy at the wholesale he will probably find the dollar he received has a purchasing power only one half or one third of what it was formerly, he will lose confidence in his money. All along the line, then, people will be willing to accept these depreciated dollars only at a discount. The merchant who sold a pound of meat for 30 cents of the old dollar scale will probably want 35 or 40 cents a lb. for it after the new issue is made. Thus prices are forced up still more. If the movement is continued business becomes disorganized and general confusion results.

An Artificial Increase

This does not mean, of course, that prices in a country can never rise on a sound basis. But an advance caused by currency inflation is not due to any special demand for goods, or an increase in quality, but simply because the volume of money in circulation is greater than that normally required. The currency suffers from the usual results of oversupply compared with demand.

But what is the normal volume of money required for business?

In succeeding articles in this series this point will be discussed as well as the experiences of countries which in the past have tried to meet their expenditures by inflating their currency.

Staff Changes

The Bank of Toronto announces the following staff changes:

K. S. KING, formerly accountant at main office, London, Ont., to be manager East End branch, London, Ont.

T. C. MARGRETT, manager East End branch, London, Ont., to be manager City Hall branch, London Ont.

J. H. MILLS, manager City Hall branch, London, Ont., to be manager Gananoque, Ont.

GEORGE HAY, manager Gananoque, Ont., to be manager Ottawa.

J. J. WINSBY, Manager, Ottawa, to be manager, Hamilton.

J. STEPHEN, manager, Hamilton, to retire on pension.

• • •

The Bank of Montreal announces the following staff changes:

N. PEARCE to be manager at Trochu, Alta.

L. W. SMTH to be manager at Wainwright, Alta.

C. W. McBRIDE to be manager at Yorkton, Sask.

T. Matheson to be manager at Brandon, Man.

• • •

The Bank of Nova Scotia announces the following staff changes:

W. H. HARRIS, to be manager at Welland, Ont.

H. H. BARTLETT, to be accountant at College & Bathurst, Toronto.

A. BLACKBURN, to be accountant at Broadview & Gerrard, Toronto.

J. F. L. BELL, to be accountant at Queen & Lansdowne, Toronto.

• • •

The Canadian Bank of Commerce reports the following staff changes:

H. I. F. HOBBS, manager Gilbert Plains, Man., to be manager Carman, Man.

J. P. DUGUID, formerly manager Altona, Man., to be manager Gilbert Plains, Man.

HOWEVER YOU TRAVEL . . . CARRY YOUR MONEY SAFELY

Canadian Pacific Express TRAVELLERS CHEQUES

Northern Trusts Co. Directors Chosen

Vacancies on the board of the Northern Trusts Co., Winnipeg, were filled at the recent annual meeting of shareholders by the election of Edgar J. Tarr, K.C., and A. L. Denison, both of Winnipeg. Mr. Tarr is president of the Monach Life Assurance Co., a member of the advisory board of the Winnipeg Foundation and is chairman of the Manitoba War Savings Committee.

Mr. Denison is a director and general manager of the Canadian Fire Insurance Co. and the Canadian Indemnity Co.

The vacancies on the board of Northern Trusts Co. arose through the retirement of W. H. Malkin, of Vancouver, and the death of George W. Allan, K.C., of Winnipeg.

NEW DIRECTOR

John D. Irwin, who has been elected a director of Easy Washing Machine Co.

Bank Chat

Nazi War Finance

Straight contradiction of the theory that Germany had discovered a painless method of war finance was given by Graham F. Towers, governor of the Bank of Canada, in a memorandum accompanying the annual report of that institution.

Main features of the Nazi system, he declared, were:

Extraordinarily severe taxation.

Borrowing from the public by compelling the people to lend.

Increasing the volume of money in circulation to a moderate degree within the Reich and printing new money lavishly in the conquered areas.

• • •

Heavy Taxes

As an illustration of the extent to which the Nazis have taxed, he quoted an official estimate that in the year ending March 31, 1941, the Nazi Government tax collections will be about 30 billion reichsmarks or one third Germany's total income. In Canada in the same period, Mr. Towers estimated, Dominion Government revenue will be about one sixth of the national income, in the United Kingdom probably a little more than one fifth. Including the levies of the states or provinces and local governments the German people are paying in taxes at least one third more in relation to their income, he computes, than the people of Canada. In addition to formal taxes, Mr. Towers proceeded, Germans also have to make substantial direct payments to their governments as party dues, winter relief fund, donations and other special contributions just as compulsory as taxes.

• • •

Compulsory Lending

When the Nazi Government borrows from the public, ordinary investment funds are forced into government securities. Lending is just as compulsory as taxes. Far from "breaking the bondage of interest slavery," Mr. Towers describes the Nazi Government as paying interest at 4 and 4½% or higher up to Sept. 30, 1940. Only in 1941 has it paid under 4% and the rate of 3½% on its January issue is higher than that in Canada or the United Kingdom.

• • •

New Money

As for creating and using new money, Mr. Towers maintains the German policy has been an easy money policy of the sort followed in many countries including Canada in the last decade. In Canada, he estimates, between January, 1933, and August, 1939, the total volume of money (coin, notes and bank deposits) increased by $750 millions, a per capita increase about equal to that in Germany in the pre-war period. Since the war began he claims, available information, suggests a smaller increase in the volume of money in Germany than in Canada. He emphasizes that in appraising Nazi policy, one must take account of the direct controls imposed on the people, the rationing of every article of consumption, the pegging of wage levels and farm prices and the supervision of business operations.

Outside the Reich, however, Mr. Towers explains, the Nazis have used the printing press deliberately as a means of plundering those areas. Instead of seizing goods the Nazis bought them with newly printed notes, thereby disrupting the economy and destroying the unity of the people.

B. C. Power Co. Bonds Offered

Wood, Gundy Selling $2 Millions Repatriated Bonds in Canada

A public offering of $2 millions of the series A, 4¼% bonds of British Columbia Power Corp. is being made by Wood, Gundy & Co. at 100 and interest to yield 4¼%. These bonds were formerly held by residents of the United Kingdom and are part of the securities being repatriated to this country.

The circular covering the offering points out that gross earnings of the company for the 11 months ended Nov. 30 last were about 6.69% over the same period as 1939. All divisions of the company's business showed gains in the year ended Dec. 31, 1940. In electricity generated, gas sold, number of customers for both gas and electricity and passengers carried by the company's transit system, last year set new records for the ten-year period ending Dec. 31 last.

Vancouver Planning Further Economies

From Our Own Correspondent

VANCOUVER. — Even if civic services are kept at the lowest possible level, sinking fund levies deferred for the seventh consecutive year, and special costs discarded, Vancouver will have a shortage of about $168,986 between expenditures and anticipated revenues of $14,349,340.

However, the city council is anxious not to increase the present gross tax rate of 49.635 mills and for that reason further economies are expected.

Comptroller Frank Jones reports that the city showed an operating surplus in 1940 of $79,593, the largest since 1933. Deferred and overdue levies for sinking funds total $15.5 millions.

In a brochure on Vancouver securities issued by the investment firms of Wood, Gundy & Company and Pemberton & Son, it is emphasized that Vancouver has paid off maturing bond issues totalling $6,353,689 in the last six years, and that sinking fund in the same period has increased in value by $2.2 millions.

Exchange Assets Show Expansion

Deposits of Dominion Govt. and Chartered Banks Up

An increase of $6.3 millions in assets shown in the statement of the Bank of Canada for the week ended Feb. 19, 1940, was due largely to expansion in holdings of sterling and United States exchange. This was probably due to exchange received from the United Kingdom for war supplies, or acquired from the chartered banks.

The increase in assets was balanced on the liability side by expansion in deposits of the Dominion Government and the chartered banks. Note circulation also was higher, indicating continued increase in the demand for cash.

	Feb. 19 1941	Feb. 12 1941
Liabilities	$	$
Capital paid-up	5,000,000	5,000,000
Notes in circ.	347,746,865	346,052,278
Rest fund	3,722,910	3,722,910
Depos.: Dominion	47,272,028	43,833,700
Bank	205,472,957	203,365,817
Other	5,815,520	7,139,777
Total deposits	258,560,505	254,339,294
All other liabs.	3,524,606	3,095,826
Total liabs.	618,554,886	612,210,308
Assets		
Reserve:		
In sterl. & U. S.	43,111,930	36,436,930
Subsidiary coin	860,451	856,739
Investments:		
Dom. gov. short	442,945,854	437,302,604
Other Dom. govt.	122,979,917	129,333,073
Total invest.	565,925,771	566,635,677
Premises	1,704,866	1,703,028
All other assets	6,951,868	6,577,934
	618,554,886	612,210,308

Your Income Tax . . . .

From now until April 30, deadline for filing personal income tax returns, The Financial Post will answer questions from subscribers about their income and national defense taxes, as to exemptions to which they may be entitled, methods of payment, etc.

Enquiries are invited.

Refunds of N. D. T.

One of our employees, married with one dependent, earned $1,156 in 1940. We deducted $7.03 National Defense Tax from him. Can he claim a refund? If so what procedure should be followed?

Another employee, a married man with no dependents, worked for only six months, earning $850, his total income from all sources for the year. National Defense Tax of $17 was deducted in his case. Can he claim a refund?

Both employees being married and getting less than $1,200 a year are exempt from income tax. Accordingly they are each entitled to a refund of the National Defense Tax deducted and should apply for a refund. This is done by making out an income tax form for 1940 showing their total income for the year and then claiming refund of the amount in question.

Insurance Bad Debts

I am a life insurance agent. I wrote for a man a life insurance policy calling for an annual premium of $50. I took a note for the $50 and paid the company myself. Then later I found myself unable to collect the $50. Can I claim deduction from this as a bad debt in my income tax, or am I allowed to deduct only the commission portion of the premium? Does the Government make any difference between a fire insurance and a life insurance bad debt of this kind?

The income tax authorities, it is understood, allow an insurance agent to deduct from his income the full amount of the premium he paid under such circumstances. Formerly the custom was to allow deduction of only the commission portion. But more recently the policy has been more liberal. There is no difference made between fire insurance and life insurance bad debts of this kind.

Bequests

Is an amount received by a beneficiary under a will subject to income and National Defense Tax. If so, is the tax calculated on the amount stipulated in the will or the actual amount received in settlement which may be say 90% of the amount stated, the other 10% being voluntarily waived.

Bequests are not subject to income or National Defense Tax. This answers the second question in your enquiry.

Paying Dominion Tax Only

I live in Ontario. Is it permissible to pay the first installment of my income tax to cover Dominion tax only, leaving the Ontario tax to be paid in one payment by April 30? I did this but wonder if I should send in the Ontario tax also.

The regulation permitting income taxes to be paid in eight installments beginning with Jan. 31 is a Dominion regulation. Consequently it is understood as long as you have paid an amount equal to either one eighth or one twelfth of your Dominion tax by Jan. 31 you can continue paying the Dominion tax by installments and pay the Ontario tax in one lump on or before April 30.

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When you invest in a War Savings Certificate you become a shareholder in the world's greatest business—

The business of eliminating Hitlerism which threatens the freedom of the world.

Subscribe today. Your conscience will be clearer and your security greater.

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Incorporated 1855

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CHATELAINE

"War Effort" Programme

"What have you done to help Canada's War Effort?"

It's an impressive question to be hurled at a magazine. It's a question which must be answered convincingly.

It's a question which the editorial department of Chatelaine asked itself the day war was declared. Putting it, of course, into the future tense.

Who Are Readers

We have a particularly important audience. World War I brought women out of their homes into the business world; and into community activities. World War II sees them as an army of vast importance to the nation.

They direct the spending of the national incomes.

They achieve remarkable results through their clubs and community organizations.

On them depends the morale of the homes throughout the Dominion.

Specifically, as mothers and wives of our fighting forces—it's vitally important to the nation how they think.

Therefore, with our audience of 250,000 Canadian women, we felt we had a responsibility which was second to none.

Educational Propaganda

We have used our influence to educate and affect the point of view of Canadian women, with definite results.

Four months after war was declared Chatelaine published and outlined the plans of the Voluntary Registration of Canadian women. Unquestionably our national backing made the registration a success. It has been endorsed on the floor of the House of Commons by the Prime Minister, as well as in the Senate.

We dramatized the work of the Red Cross in photographs, and were told that it was the most valuable interpretative work which had been done. Thousands of reprints were ordered by the Red Cross, and it was pinned up on the bulletin boards of local branches throughout Canada.

So successful was this that when England sent an appeal for knitted comforts for the women of its Auxiliary Services, it was to Chatelaine the Red Cross came, to publicize the need.

We ran a page in the December issue—and were flooded with letters asking for directions. Thousands and thousands of women responded—and are still doing so, two months after the original publication.

As a result of this, we've been asked to popularize the need for knitted comforts for the Navy.

"Buy British — Buy Canadian"

Away back last July, when there was very little evidence of a Buy British—Buy Canadian campaign, Chatelaine prepared a leading feature, "Shopping to Win the War." We told why it was important. We outlined certain truths. We suggested certain plans.

Reprints were sent to leading stores, to manufacturers. Thus when the matter came to a head with a national movement in the fall—Chatelaine had prepared the way. Our readers were prepared; educated; receptive.

Similarly, on campaigns to "put over" Canadian apples and lobster—Chatelaine featured articles telling the women of Canada the whys and wherefores. We gave *understanding.*

Women's War Activities

We have answered the questions women are asking about their war activities. We have given them information and direction. It is no exaggeration to say that Chatelaine is looked to by the club leaders as well as women everywhere, as giving active leadership in all types of war work. We have developed a central bureau of information to which hundreds of women have written asking for specific information about their war activities.

Looking Ahead

Chatelaine will devote space every month to arousing sympathy and interest in the War Loans and War Savings Certificates. In an early issue we will tell the story of the million and a half dollars given in personal donations to the Government for our war effort. This article will stimulate a general sense of responsibility.

In the months to come, as further need is evidenced for definite educational work affecting our readers' point of view, Chatelaine will meet them with an increasing sense of responsibility—and of power.

The MacLean Publishing Company, Limited

TORONTO MONTREAL WINNIPEG NEW YORK CHICAGO, LONDON, ENG.

28 PUBLICATIONS Geared to "All Out" War Effort

Toronto and Montreal Exchanges

THE WEEK'S QUOTATIONS

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING FEBRUARY 24

Oil Quotations

Par Val.	Range 1941 High	Low	Company	Sales	Close Feb. 17	High for week	Low for week	Close Feb. 24
1	.09½	.08	Alta Pac. Cons.	100	.08½	.08	.08	.08
1	.00¾	.00¾	Amalgamated		(.00¾ bid	.00¾ asked)		
No	.83	.60	Anglo Canadian		(.55 bid	.... asked)		
No	.08½	.04	Anaconda	2,500	.05½	.05½	.05½	.05½
No	*.13	.04	Brit. Dominion		(.... bid	.... asked)		
No	*.18½	.06	Brown Oil		(.07 bid	.09 asked)		
No	1.50	1.19	Calgary & Ed.	1,450	1.20	1.21	1.19	1.19
1	.26	.18	Calmont	2,100	.20	.19	.18	.18
No	.25	.21	Commoil		(.20 bid	.25 asked)		
No	.21	.20	Commonwealth	2,950	.20½	.20	.20	.20
No	.30	.24	Dalhousie		(.... bid	.30 asked)		
No	.15½	.14	Davies Pete		(.... bid	.15 asked)		
No	.04	.04	East Crest		(.... bid	.... asked)		
No	.17	.16	Extension		(.14 bid	.15 asked)		
No	.36½	.30	Federated Petroleum	400	.30	.30	.30	.30
25c.	*.08½	.05	Firestone		(.... bid	.05 asked)		
No	.60	.50	Foothills	500	.55	.50	.50	.50
25c.	.06½	.06½	Foundation Pete		(.... bid	.... asked)		
No	*.12	.08½	Four Star		(.... bid	.12 asked)		
No	.15	.10	High Sarcee	1,000	.10½	.10	.10	.10
No	2.52	1.70	Home Oil	1,000	1.81	1.82	1.75	1.75
No	.01½	.01½	Madison	5,000	.01½	.01½	.01½	.01½
No	.01¾	.01	Marjon Oil	5,000	.01¾	.01¾	.01	.01¾
No	.07	.06	McD. Segur Ex.	1,500	.07	.06¾	.06	.06
No	.05	.04	Mercury	1,800	.04½	.04½	.04½	.04½
No	.05	.04	Mill City Pete	1,500	.04	.04½	.04	.04½
1	.19	.16	Model	1,100	.19	.16	.16	.16
25c.	.03½	.03½	Monarch Royal		(.03½ bid	.... asked)		
25c.	.05	.04¾	National Pete		(.04¾ bid	.... asked)		
1	*.05	.04	Nordon		(.... bid	.... asked)		
No	.75	.50	Okalta	520	.60	.60	.50	.50
No	.04	.04	Pacalta Oil		(.... bid	.04½ asked)		
1	.26	.20	Pacific Petroleum		(.20 Feb. 10)			
25c.	.08	.07	Prairie Royal	100	.07½	.07½	.07½	.07½
No	.15	.09½	Royal Canadian	2,000	.10	.10	.10	.10
No	*.10½	.05	Royal Crest		(.... bid	.... asked)		
No	22.00	18.00	Royalite	5	19.00	18.00	18.00	18.00
No	*.07½	.03	South End		(.... bid	.... asked)		
No	.25	.25	Southwest Pete		(.25 Feb. 11)			
1	.05½	.04	Spooner	150	.05½	.05	.05	.05
25c.	.14	.12	Sunset Oil	3,000	.14	.13	.12	.13
No	.04½	.04½	United	1,000	.04½	.04	.04	.04
No	.04½	.04½	Vanalta		(.... bid	.06 asked)		
1	.38½	.30	Vulcan		(.... bid	.40 asked)		
No	*.05	.02	West Flank		(.... bid	.... asked)		

*Quotations for 1940.

Winnipeg Stocks

(Transactions from Feb. 17 to Feb. 22)

	Sales	High for period	Low for period	Close Feb. 22
Great West Life	5	205.00	205.00	205.00
Shenango	1,000	.02½	.02½	.02½
United Grain Growers	15	9.00	8.00	9.00
Willard's Chocolates, pf.	9	63.50	63.50	63.50
Wingold	3,034	.09	.07	.07

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Home Invest.	13	..
Beav. Lumber, c.	..	4	Nor. Can. Mtg. p.	5	..
Beav. Lumber, p	102	..	North. Trusts	7	..
Can. Airways	1	..	Traders Bldg.	43	..
Can. Indemnity	150		West. Brew.	1¾	2
Cres. Cream., p.	10½	15	West. Grain, p.	..	7
Dom. Envelope, c	8½	..	West. Steel	5	8¼
Dom. Envelope, p	91	97	Wings	.15	.40
Federal Grain, p	..	30			

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Feb. 25	6,600	25,200	127,000	......
Feb. 24	7,300	6,900	135,000	6,425
Feb. 22	3,400	2,700	71,000	27,400
Feb. 21	5,800	7,800	126,000	16,808
Feb. 20	7,700	3,800	162,000	17,770
Feb. 19	9,800	12,100	175,000	30,800

Corporation Bonds

	Rate	Due	Bid	Asked	Feb. 18
Can. Canners	4	'51	100½	103½	100½
*Can. Int. Paper	6	'49	102	105	102
‡Can. Locomotive	6	'53	83	86	83
‡†Candn. Vickers	6	'47	51	54	52
C. P. R.	3½	'51	89	92	88
Do.	4	'49	93½	96½	92½
Do.	4½	'44	99	102	98½
Do.	6	'42	103	106	103
Col. Steamships	6	'54	93	96	94
†Consol. Paper	5½	'61	60	63	..
Dom. Coal	4½	'32	100½	103½	100½
Dom. Scott. Inv.	4	'32	95	...	65
Dom. Stl. & Co.	6½	'55	105	108	105½
Dom. Tar	4½	'51	101	104	100½
Dom. Woollens	6	'53	96	99	65½
†Donnacona P.	4½	'56	73	76	73½
*Dryden Pap.	6	'49	100	103	100
‡Dufferin Pav.	5	'55	51	54	51
†East. Dairies	6	'49	78	81	78½
Famous Players	4½	'51	100½	103½	100½
†Federal Grain	6	'49	97½	100½	98
†Fraser Cos.	6	'50	98	101	98
Galt Brass	5	'50	78	...	78
Gen. Stl. Wares	4½	'52	98½	101½	96
*Great L. Paper	5	'55	92½	95½	92½
*Gurney Fdry.	5½	'49	65½	69½	64½
†Gypsum, Lime	5½	'48	97	100	65½
Ham. By-Pr., C.	5	'55	101½	104½	101½
Do.	6	'56	100	103	99½
Ham. Cotton	4½	'50	99½	...	99½
Inter-City Bak.	5½	'48	101½	...	101½
Indust. Accept.	4	'52	83½	86½	83½
Ins. Ex. Bldg.	3	'51	42	45	42
*Inter. P., Nfld.	4½	'68	87	91	64½
*Inv. Bond & Sh.	5	'47	46½	49½	47½
†Kingston Elev.	6	'30	105	108	105
Lake St. J. P.	5½	'61	87	90	88
Do.	5	'61	62½	65½	63½
Legare	6	'61	86	89	86½
Maple Leaf M.	3	'58	71	74	71
Man. Sugar	5	'60	97	100	97
Massey-Harris	4½	'54	90½	93½	90
McColl-Fron.	4½	'49	101½	104½	101
McCormick's	4	'52	96	99	96
Do.	4½	'52	103	...	103

Corporation Bonds (Cont'd)

	Rate	Due	Bid	Asked	Feb. 18
†Restigouche Co.	6	'48	98½	101½	98½
Rolland Paper	4½	'51	102½	105½	102
Ruddy, E. L.	6½	'48	101	104	101
Silv. Dairies	6	'66	92½	95½	93
Simpsons Ltd.	4½	'51	99	102	99
Smith, Howard	4½	'51	103	106	103
Stand. Lime	6	'44	96½	...	96½
Sterling Coal	6	'45	96½	...	96½
Stop & Shop	3	'47	60½	...	60½
United Corp.	5	'53	90	93	90
*United Gas	5½	'48	104	...	104
United Gr. Grs.	5	'48	96½	99½	96½
†Western Grain	6	'49	44½	47½	43½

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
°Payable in U. S. only.
♦Payable in Canada only.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Municipal Bonds

Feb. 25, 1941

	Rate	Due	Bid	Asked	Yield
†Halifax	5	1961	110.00	114.00	3.90
Hamilton	5	1950	109.75	111.75	3.50
Montreal	5	1945	96.00	97.50	5.70
Ottawa	4½	1945	104.50	106.50	2.90
†Quebec	5	1959	106.50	108.00	4.38
Saint John	5	1950	102.00	104.00	4.49
†Toronto	4½	1955	110.20	112.20	3.40
†Vancouver	5	1950	98.00	101.00	4.86
Winnipeg	5	1944	101.00	104.00	3.61

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.24	2.45
Can. Amer. Trust	2.70	3.10
Can. Invest. Fund	3.15	3.50
Grouped Income	...	4.85
Trans-Canada	9.75	10.65

Annual Meetings

1941	Company	Place
Mar. 3	Windsor Hotel	Montreal
Mar. 4	Cosmos Imperial Mills	Hamilton
Mar. 4	Hollinger Consol.	Montreal
Mar. 5	French & For. Invest.*	Montreal
Mar. 5	Montreal Loan	Montreal
Mar. 7	Acme Glove Works	Montreal
Mar. 10	Tor. Mutual Life	Toronto
Mar. 12	Woods Manufacturing	Montreal
Mar. 18	Imperial Tobacco Co.	Montreal
Apr. 2	Simpsons, Ltd.	Toronto
Apr. 15	Asbestos Corp.	Montreal
Apr. 16	Canadian Breweries Ltd.	Toronto
Apr. 24	Montreal Tramways	Montreal
Apr. 30	Western Grocers	Winnipeg

*Special.

Mining Dividends

	Rate	Close Feb. 24	Yield %
Anglo-Huronian	‡10c	2.25	..
Aunor Gold	†4c	1.65	..
Beattie Gold	16c+2c	1.08	*16.6
Bralorne	80c+40c	9.50	*12.6
Broulan Porc.	‡6c	.77	..
Buffalo Ankerite	‡31c	3.75	..
Bulolo Gold	$3	16.50	18.2
Can. Malartic	8c	.49	..
Cariboo Gold	16c+8c	2.65	*9
Central Patricia	16c+4c	1.72	*11.5
Chesterville	†5c	1.29	..
Cochenour Willans	†3c	.70	..
Coniagas	‡25c	1.50	..
Coniaurum	16c+2c	1.25	*14.4
Cons. Smelters	$1+$1.25	35.00	*6.4
Delnite	‡6c	.95	6.3
Dome Mines	$2	23.00	8.7
East Malartic	†30c	2.60	11.5
Francoeur Gold	†3c	.36	..
God's Lake	‡2½c	.30	..
Goldale	‡2c	.12	..
Gold Belt	‡4c	.26	..
Gunnar Gold	‡6c	.26	..
Hallnor	60c	5.00	12
Hard Rock	‡10c	.77	..
Hedley Mascot	‡8c	.50	..
Hollinger	65c+45c	12.87	*8.7
Howey Gold	‡5c	.25	..
Hudson Bay	‡$2	25.00	8
Inter. Nickel, com.	$2	31.50	6.3
Island Mountain	‡15c	.75	..
Kerr Addison	‡15c	3.25	..
Kerr Lake	‡10c	.20	..
Kirkland Lake	10c+2c	.88	*13.6
Kootenay Belle	‡12c	.19½	..
Lamaque Gold	‡40c+10c	4.70	*10.6
Lake Shore	$2	19.50	10.2
Leitch	8c	.48	16.7
Little Long Lac	30c	1.73	17.3
Macassa	32c+3c	3.55	*9.8
Madsen R. Lake	6c	.55	..
McGillivray Coal	3c+1c	.20	..
McKenzie Red L.	▴12c	1.10	10.9
McWatters	10c	.21½	..
Moneta	12c	.48	..
McIntyre Porc.	$2.05+$1▪	47.50	*6.3
MacLeod-Cockshutt	‡20c	1.78	11.2
Naybob Gold	4c	.24	..
Nipissing	15c	1.02	..
Noranda	$4	51.00	7.8
North Empire	‡50c	5.00	..
O'Brien Gold	‡10c	.75	..
Pamour Porc.	12c	1.15	10.4
Pato Cons.	20c	2.65	..
Paymaster	‡1c	.21¾	..
Perron Gold	16c+4c	1.45	*13.8
Pioneer, B.C.	40c	2.15	18.5
Pickle Crow	40c	2.71	14.7
Placer Develop.	$1.20	9.50	12.6
Premier	12c	.88	..
Preston E. Dome	20c+5c	2.82	*8.9
Privateer Mine	‡16c+2c	.50	..
Powell Rouyn	‡10c	.70	..
Québec Gold	‡2c	.28	..
Relief Arlington	‡5c	.02⅝	..
San Antonio	14c+6c	2.17	*9.1
Sheep Creek	16c+3c	.75	..
Sherritt Gordon	‡10c	.65	..
Sigma Mines	‡45c	7.40	..
Silbak Premier	16c	.70	22.8
Siscoe	‡11½c	.52	..
Sturgeon River	‡2c	.17½	..
Sudbury Basin	‡2½c	1.10	..
Sullivan Cons.	‡9c	.58	..
Surf Inlet	‡1½c	.11½	..
Sylvanite Gold	20c+10c	2.55	*11.8
Teck-Hughes	‡40c+5c	3.15	*14.3
Toburn	8c+12c	1.60	*12.5
Upper Canada	‡6c	1.40	..
Ventures	15c	3.15	..
Waite Amulet	‡10c	3.50	..
Wendigo	†3c	.20	..
Wright-Harg.	‡40c+30c	6.15	*11.4

*Yield including bonus. †Initial.
‡Paid in 1940.
▪An extra dividend of $1.11 paid Jan. 2, 1941.
▴Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, c.	40c	Mar. 1	Feb. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Aluminium pf.	†$1.50	Mar. 1	Feb. 8
Do., com.	$2	Mar. 5	Feb. 12
Anglo Can. Tele., A	15c	Mar. 1	Feb. 15
Aunor Gold	•4c	Mar. 29	Mar. 15
Asbestos Corp.	15c	Mar. 31	Mar. 15
Do., extra	15c	Mar. 31	Mar. 15
Brazilian Tr., pf.	$1.50	Apr. 1	Mar. 15
Bright, T. G.	7½c	Mar. 15	Feb. 28
Do., pref.	$1.50	Mar. 15	Feb. 28
Burlington Stl.	15c	Apr. 1	Mar. 15
Bk. of Nova Scotia	$3	Apr. 1	Mar. 15
Belding-Cort.	$1	Apr. 1	Mar. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Beattie Gold	4c	Mar. 15	Mar. 1
Borden Co.	30c	Mar. 3	Feb. 15
Bk. Can. Nationale	$2	Mar. 1	Feb. 15
Bathurst P & Pap A	25c	Mar. 1	Feb. 14
Bank of Toronto	$2.50	Mar. 1	Feb. 15
Bank of Montreal	$2	Mar. 1	Jan. 31
Cal. & Edm.	5c	Apr. 7	Mar. 7
Can. F. & Forg. A	‡37½c	Mar. 15	Mar. 1
Can. Cr. Stone	▪10c	Mar. 31	Mar. 15
Can. Cel., Inc. Fd. rts.	$1	Mar. 15	Dec. 31
Can. & D. Sug., c.	▪37½c	Mar. 1	Feb. 15
Candn. Indust., pf.	$1.75	Apr. 30	Mar. 31
Do., com.	$1.75	Apr. 30	Mar. 31
Can. Intl. Inv. Tr. p.	▪50c	Mar. 1	Feb. 15
Commoil	1c	Feb. 25	Feb. 14
Can. Malartic	▪2c	Mar. 26	Mar. 8
Can. Car, pref.	▪44c	Apr. 10	Mar. 21
Chartered Trust	$1	Apr. 1	Mar. 15
Canada Cement pf.	$1.25	Mar. 20	Feb. 28
Coniaurum Mines	▪4c	Mar. 20	Mar. 8
Canada Dry	†15c	Mar. 24	Mar. 10
Canada Vinegars	10c	Mar. 1	Feb. 15
Can. W. & Cable A	$1	Mar. 15	Feb. 28
Do., B com.	50c	Mar. 15	Feb. 28
Do., pref.	$1.62½	Mar. 15	Feb. 28
Can. Gen. Elec.	$2	Apr. 1	Mar. 15
Capital Trust	$1	Mar. 1	Feb. 15
Cap. Wire Cloth, p.	38c	Mar. 1	Feb. 12
Can. Min. Eq., p. c.	▪10c	Mar. 15	Feb. 4
Do., extra	▪5c	Mar. 15	Feb. 4
Can. Cottons	$1	Apr. 1	Mar. 15
Do., extra	$2	Apr. 1	Mar. 15
Do., pref.	$1.50	Apr. 1	Mar. 15
Can. Nor. Pwr.	25c	Apr. 25	Mar. 31
Do., pref.	$1.75	Apr. 15	Mar. 31
Carnation Co., 1st p	$1.25	Apr. 1	Mar. 19
Can. For. Invert., p.	$2	Apr. 1	Mar. 15
Can. Perm. Mtge.	$2	Apr. 1	Mar. 15
Can. Converters	50c	Apr. 30	Apr. 10
Cent. Patricia	4c	Mar. 31	Mar. 15
Do., extra	2c	Mar. 31	Mar. 15
Cariboo Gold	4c	Apr. 1	Mar. 3
Do., extra	2c	Apr. 1	Mar. 3
Cline Lake G.	•4c	Feb. 28	Feb. 14
Canada Malting	50c	Mar. 15	Feb. 28
David & Frere, A	25c	Mar. 31	Mar. 15
Dom Tar, pref.	$1.37½	May 1	Apr. 15
Distil.-Seag., c.	°55½c	Mar. 15	Mar. 3
Dom. Bridge	30c	Feb. 25	Jan. 31
Dom. Ang. Inv., pf.	$1.25	Mar. 1	Feb. 15
D. Envelope, 1st p.	$1.75	Mar. 1	Feb. 20
Dom. Scot Inv., p.	50c	Mar. 1	Feb. 20
Dom. Fdy. & St, p.	$1.50	Mar. 1	Feb. 20
Dom. Text., p.	$1.75	Apr. 15	Mar. 31
Do., com.	$1.25	Apr. 1	Mar. 15
Electrolux	†20c	Mar. 15	Feb. 15
Extension Oil	1½c	Feb. 28	Feb. 20
East Malartic	10c	Mar. 25	Mar. 1
Easy Washing, pf.	17½c	Apr. 1	Mar. 15
Economic Invest.	$1.37½	Apr. 1	Mar. 20
Ford Motor	25c	Mar. 15	Feb. 22
Gatineau Power	20c	Mar. 31	Mar. 3
Do., 5½% pref.	$1.37	Apr. 1	Mar. 3
Do., 5% pref.	$1.25	Apr. 1	Mar. 3
Goodyear Tire	62c	Apr. 1	Mar. 15
Do., extra	$1.50	Apr. 1	Mar. 15
Do., pref.	62½c	Apr. 1	Mar. 15
Greening Wire	15c	Apr. 1	Mar. 15
Gt. Lakes P., A B p	25c	Apr. 1	Mar. 20
Gt. Lakes Pwr., pf.	$1.75	Apr. 15	Mar. 31
Grandview Mines†	½c	Mar. 20	Mar. 10
Granby Cons.†	15c	Mar. 1	Feb. 14
Hallnor Mines	15c	Mar. 1	Feb. 15
Ham. Cottons, pfd.	50c	Apr. 1	Mar. 15
Do., arrears	25c	Apr. 1	Mar. 15
Hinde & Dauch	12½c	Apr. 1	Mar. 15
Howe Sound	†75c	Mar. 31	Mar. 21
Hollinger Cons.	5c	Feb. 25	Feb. 11
Do., extra	5c	Feb. 25	Feb. 11
Inter. Nickel, c.	†50c	Mar. 31	Mar. 1
Imp. Tobacco	10c	Mar. 31	Mar. 7
Do., extra	22½c	Mar. 31	Mar. 7
Do., pref.	3%	Mar. 31	Mar. 7
Jam. Pub. Serv.	17c	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 1	Mar. 14
Kelvinator of Can.	▪25c	Mar. 10	Feb. 24
Kerr Addison G.	5c	Feb. 28	Feb. 12
Kirkland Lake	5c	May 1	Mar. 31
Do., extra	1c	May 1	Mar. 31
Lake of W. Mill. p.	$1.75	Mar. 1	Feb. 15
Laura Secord	20c	Mar. 1	Feb. 15
Loblaw Groc. A B	25c	Mar. 1	Feb. 10
Loblaw Groc. Inc.	†20c	Feb. 28	Feb. 13
Lamaque Gold	10c	Apr. 1	Mar. 7
Lake Shore M.	▪50c	Mar. 15	Mar. 1
Langleys, pfd.	▴▪50c	Mar. 12	Mar. 3
Landed Bank	$1	Apr. 1	Mar. 15
Louisiana Land	†10c	Mar. 15	Mar. 1
Macassa Mines	8c	Mar. 15	Feb. 28
Melchers Dist., pf.	*30c	Apr. 15	Apr. 5
McIntyre Porc.	56½c	Mar. 1	Feb. 1

DIVIDEND NOTICES

DIVIDEND NOTICE

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

DIVIDEND NO. 22

NOTICE IS HEREBY GIVEN that a quarterly dividend of four cents (4c) per share, together with an extra dividend of two cents (2c) per share, on the paid up capital stock of the Company, will be paid April 1, 1941, to shareholders of record March 3, 1941.

The Books of the Company will be closed for the transfer of shares from March 4, 1941, to March 8, 1941, inclusive.

By Order of the Board.

J. R. V. DUNLOP,
Secretary-Treasurer.

Vancouver, B.C.,
February 17, 1941.

Imperial Tobacco Company of Canada, Limited

DIVIDEND

NOTICE IS HEREBY GIVEN THAT

A Final Dividend (No. 141) of Twenty-two and one-half cents (22½c.) per share on the paid-up Ordinary Shares of the Company for the year ended 31st December, 1940, has been declared payable on Monday, the 31st day of March, 1941, to shareholders of record at the close of business on Friday, the 7th day of March, 1941.

An Interim Dividend (No. 142) of Ten Cents (10c.) per share on the paid-up Ordinary Shares of the Company has been declared payable on Monday, the 31st day of March, 1941 to shareholders of record at the close of business on Friday, the 7th day of March, 1941.

A Semi-Annual Dividend (No. 58) of Three per cent. (3%) on the paid-up Preference Shares of the Company has been declared payable on Monday, the 31st day of March, 1941, to shareholders of record at the close of business on Friday, the 7th day of March, 1941.

By Order of the Board,

A. L. ROBERTSON,
Secretary.

MONTREAL, P.Q.
21st February, 1941.

CANADA PERMANENT MORTGAGE CORPORATION

Notice is hereby given that a Dividend of TWO PER CENT on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

TUESDAY, THE FIRST DAY OF APRIL

next, to Shareholders of record at the close of business on the Fifteenth day of March, 1941.

By order of the Board.

WALTER F. WATKINS,
Secretary.

Toronto, 19th February, 1941.

DIVIDEND NOTICE

Canada Malting Co., Limited

NOTICE is hereby given that a quarterly dividend of Fifty Cents (50c) per share has been declared on the no par value stock of the Company.

The above dividend is payable March 15th, 1941, to Shareholders of record at the close of business on the 28th day of February, 1941. The books of the Company are to be closed from March 1st, 1941, to March 14th, 1941, inclusive.

Share Warrant Holders will present Coupon Serial No. 53 to the Royal Bank of Canada, MONTREAL, TORONTO, WINNIPEG and CALGARY on and after March 15th, 1941.

By order of the Board,

JOHN P. HEIGHTON,
Secretary.

Dated at Montreal,
February 21, 1941.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
Mitchell, J. S., c.	$2.50	Mar. 1	Feb. 14
Marcus Loew's, p.	$1.75	Mar. 31	Mar. 15
Do., com.	$1.75	Mar. 31	Mar. 15
Montreal C'tons, p.	$1.75	Mar. 15	Feb. 28
Do., com.	$1	Mar. 15	Feb. 28
Mtl. C. & D. Bank	$3	Apr. 1	Mar. 15
McKenzie Red L.	3c	Mar. 15	Mar. 1
MacKinnon Stl., pf.	$1.25	Mar. 15	Feb. 28
Monarch Knit., pf.	$7	Mar. 21	Feb. 27
Montreal Loan	31¼c	Mar. 15	Feb. 28
New Meth. Ldy.	$1.62½	Mar. 1	Feb. 24
Northwest Util.	$1.50	Mar. 1	Feb. 24
Nat. Biscuit, p.	†$1.75	Feb. 28	Feb. 11
Do., com.	†40c	Apr. 15	Mar. 14
Nat. Breweries	50c	Apr. 1	Mar. 15
Do., pref.	44c	Apr. 1	Mar. 15
Nat. Grocers, pfd.	37½c	Apr. 1	Mar. 15
Noranda Mines	$1	Mar. 15	Feb. 20
Naybob Gold	1c	Apr. 15	Apr. 1
N. S. Light & Pr. p	$1.50	Mar. 1	Feb. 15
Nan.-Dun. Util., p.	81¼c	Mar. 1	Feb. 15
Ogilvie Flour, p.	$1.75	Mar. 1	Feb. 17
Pioneer Gold	10c	Apr. 1	Feb. 28
Pickle Crow G.	10c	Mar. 31	Mar. 15
Paton Mfg., pfd.	$1.75	Mar. 15	Feb. 28
Do., com.	50c	Mar. 15	Feb. 28
Perron Gold	4c	Mar. 21	Mar. 1
Do., extra	1c	Mar. 21	Mar. 1
Petrol Oil	▪2c	Mar. 1	Feb. 15
Photo Engravers	50c	Mar. 1	Feb. 15
Preston E. Dome	5c	Apr. 15	Mar. 31
Do., extra	5c	Apr. 15	Mar. 31
Pressed Metals	25c	Mar. 1	Feb. 15
Provincial Bank	$1.50	Mar. 1	Feb. 15
Para. Pictures	†20c	Apr. 1	Mar. 14
Do., 1st pfd.	†$1.50	Apr. 1	Mar. 11
Do., 2nd pref.	†15c	Apr. 1	Mar. 11
Regent Knit	25c	Mar. 15	Mar. 1
Do., pref.	$40c	June 1	May 15
Quebec Power	25c	Feb. 25	Jan. 25
Rolland Paper, pf.	$1.50	Mar. 1	Feb. 15
Royal Bank	$2	Mar. 1	Jan. 31
Riverside Silk A	50c	Apr. 1	Feb. 15
St. Law. Corp., A p	25c	Apr. 15	Mar. 31
St. Law. Pap., pref.	50c	Apr. 15	Mar. 31
Silverw'd Dairies, p	20c	Apr. 1	Feb. 28
Smith H., Paper pf.	$1.50	Apr. 15	Mar. 31
Simon & Sons	15c	Mar. 29	Mar. 14
Do., pref.	$1.75	Mar. 29	Mar. 14
San Antonio	7c	Apr. 21	Apr. 5
Do., extra	3c	Apr. 21	Apr. 5
Stedman, p.	75c	Apr. 1	Mar. 20
Do., com.	15c	Apr. 1	Mar. 20
Do., extra	60c	Apr. 1	Mar. 20
Shawinigan W.	23c	Feb. 25	Jan. 25
Siscoe Gold	2½c	Mar. 15	Feb. 15
Sullivan Cons.	3c	Mar. 15	Feb. 15
Sylvanite Gold	▪7c	Mar. 31	Feb. 10
Sunset Oils	2c	Mar. 15	Mar. 5
Sher.-Williams, p.	$1.75	Apr. 1	Mar. 15
Do., arrears	$1.75	Apr. 1	Mar. 15
Stuart, D A Oil, p.	20c	Mar. 1	Feb. 15
Sundance Rylts.	1c	Feb. 28	Feb. 20
Teck Hughes	10c	Apr. 1	Mar. 7
Toronto Elevators, p	65c	Mar. 7	Feb. 26
Tuckett Tobacco, p	$1.75	Apr. 15	Mar. 31
United Fuel, A, p.	75c	Apr. 1	Mar. 20
Upper Can. Mines	3c	Feb. 28	Feb. 15
Union Gas	20c	Mar. 15	Feb. 20
Weston, Geo., c.	20c	Apr. 1	Mar. 12
Willson Stat., pfd.	$1.25	Apr. 15	Mar. 31
West. Candn. Hydro	20c	Mar. 1	Feb. 20
Walker-Good.	$1	Mar. 15	Feb. 14
Do., pref.	25c	Mar. 15	Feb. 14
Wilsil	25c	Apr. 1	Mar. 15
Wr. Hargreaves	10c	Apr. 1	Feb. 28
Do., extra	5c	Apr. 1	Feb. 28
Young-Davidson	2½c	Mar. 15	Mar. 6

†Payable in U. S. funds.
*Arrears eliminated after giving effect to this payment.
▪Subject to approval of Foreign Exchange Control Board.
‡Also 37½c. declared payable quarterly June 16. Sept. 15 and Dec. 15, 1941.
•Initial.
°U. S. shareholders to receive 47½c U. S. funds, equivalent to 50c less 5% non-residence tax, deductible at source.
▴Also 50c declared payable June 12, Sept. 12 and Dec. 12.
$40c also payable Sept. 1 and Dec. 1.

WANTED:
Windsor Arms 6½% 1947
Western Grain 6% 1949
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

DIVIDEND NOTICES

DIVIDEND NOTICE

Langley's Limited

Notice is hereby given that a dividend of $2.00 per share on the outstanding paid up Seven per cent (7) Cumulative Redeemable Preference Shares of the Company has been declared, payable in four quarterly instalments (of 50 Cents each) which are subject to the approval of the Foreign Exchange Control Board. The first payment to be made on March 12th, 1941, to shareholders of record at the close of business on March 3rd, 1941.

By order of the Board.

P. G. SHAY.
Secretary-Treasurer.

Dated at Toronto, Ontario,
February 21st, 1941.

Silverwood's Dairies, Limited

DIVIDEND NOTICE
Preferred Dividend No. 10

Notice is hereby given that the regular semi-annual dividend of twenty cents (20c) per share has been declared on the Preferred Shares of the Company, payable April First, 1941, to Shareholders of record at the close of business on February 28th.

By order of the Board.

J. H. GILLIES,
Secretary-treasurer.

London, Ontario,
February 20th, 1941.

MacKinnon Steel Corporation Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of one and one-quarter per cent (1¼%) has been declared on the 7% Cumulative Sinking Fund Redeemable Preferred Stock of MacKinnon Steel Corporation Limited, payable March 15th, 1941, to shareholders of record February 28th, 1941.

This is a payment on account of arrears of preferred dividend.

By Order of the Board of Directors.

J. G. SCORER,
Secretary.

Montreal, February 21st, 1941.

Imperial Tobacco Company of Canada, Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Ordinary General Meeting of the Shareholders of Imperial Tobacco Company of Canada, Limited, will be held at the Head Office of the Company, 3810 St. Antoine Street, Montreal, on Tuesday, the 18th day of March, 1941, at two-thirty o'clock in the afternoon.

The Register of Transfers will be closed from 8th March to 18th March, 1941, both days inclusive.

DATED at Montreal this 21st day of February, 1941.

By Order of the Board,

A. L. ROBERTSON,
Secretary.

Preston East Dome Mines, Limited

(No Personal Liability)

DIVIDEND NO. 6

NOTICE is hereby given that a regular quarterly dividend of five cents per share, plus an extra dividend of two and a half cents per share, making a total of seven and a half cents per share, has been declared on the issued Capital Stock of the Company, payable in Canadian funds, April 15th, 1941, to shareholders of record at the close of business on the 31st day of March, 1941.

By Order of the Board.

L. I. HALL,
Secretary.

Toronto, February 15th, 1941.

PICKLE CROW GOLD MINES LIMITED

(No Personal Liability)

NOTICE OF DIVIDEND NO. 21

Notice is hereby given that a dividend of ten cents (10c) per share in Canadian funds has been declared, payable on Monday, March 31st, 1941, to shareholders of the company of record at the close of business on Saturday, March 15, 1941.

By Order of the Board.
ROBERT FENNELL, K.C.,
Treasurer

Toronto, Ont., Feb. 19, 1941.

Central Patricia Gold Mines, Limited

(No Personal Liability)

DIVIDEND No. 19
EXTRA DIVIDEND No. 11

A dividend of 4c per share, and an extra dividend of 2c per share, making 6c per share in all, have been declared by the Directors on the capital stock of the company, payable the 31st day of March, 1941, to shareholders of record at the close of business on the 15th day of March, 1941.

DATED at Toronto this 24th day of February, 1941.

By order of the Board.

C. R. ELLIOTT,
Asst. Secretary-Treasurer.

RELIANCE GRAIN COMPANY LIMITED

6½% CUMULATIVE PREFERRED STOCK

A DIVIDEND of one and five-eighths per cent (1⅝%) per share, being the dividend for the quarter ending February 28th, 1941, has been declared and authorized to be paid on March 15, 1941 to all preference shareholders of record with the transfer agents of the Company at the close of business on February 28th, 1941.

By order of the Board,

A. W. GIBB, Secretary.

Winnipeg, January 28th, 1941.

RELIANCE GRAIN COMPANY LIMITED

6½% CUMULATIVE PREFERRED STOCK

A DIVIDEND of one and five-eighths per cent (1⅝%) per share, being the dividend for the quarter ending February 28th, 1941, has been declared and authorized to be paid on March 15, 1941, to all preference shareholders of record with the transfer agents of the Company at the close of business on February 28th, 1941.

By order of the Board,

A. W. GIBB, Secretary.

Winnipeg, January 28th, 1941.

Week in Wheat

U.S. May Widen Loans, To Wheat Growers

Rumor of Move, and Unfavorable Crop News From Winter Wheat Belt, Bring Stronger Market – Quota System Indicated

From Our Own Correspondent

WINNIPEG.—Wheat markets at the beginning of the week, under the leadership of Chicago, saw the first bullish movement which has occurred in a long period. Two factors were mainly responsible—unfavorable crop news from the United States winter wheat belt, and prospects that the U. S. Government loans for wheat growers would not only be maintained but possibly extended in 1941.

Prices advanced sharply on reports of severe damage to winter wheat from cold and lack of snow cover. Up to the present the general assumption has been that a heavy winter wheat crop was almost certain in view of the good start last fall, and the fact that sub-soil moisture conditions were generally good.

Washington may increase the amount of money it will lend on farmers' wheat to 100% of the value. But action of this kind, it is assumed, is conditional on the wheat growers accepting a quota system on marketings and also curtailment of acreage. They will be asked to vote on the quota system in May.

Guard Against Loss

While country elevator operators have no room or cars for handling any additional wheat they are busy looking after the record amount of grain they have in store.

Bins and annexes are probed daily to make sure whether there is any sign of activity by mites and beetles. Most operators feel that the situation in this repect is well in hand. Wherever danger of damage is suspected, grain is elevated or turned, in order that movement may kill the pests, and ventilation may cool grain against any possibility of heating. True, railway cars are no longer available to make shipment to terminals of suspected grain. But, if an elevator or annex is too crowded to make practicable the ordinary procedure of re-elevation and turning, railway cars may be rented for a few days, filled with grain later to be taken back into the elevator, after the remaining stock has been turned. In some cases agents resort simply to shovelling grain about in bins, without emptying them. While this care is laborious, it does not represent any very great additional expense. And while the risk of damage to grain may be considerable, it is believed that precautions being taken may well keep losses down to nominal amounts.

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Coarse Grains

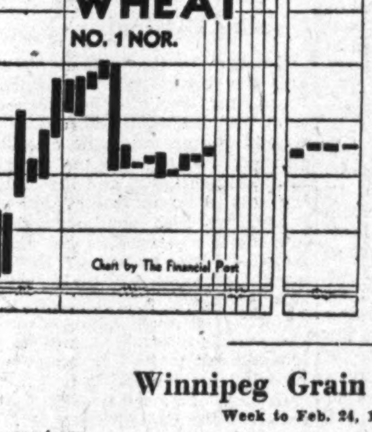
Prices for oats and barley have stiffened slightly, but are not yet high enough to induce any great volume of deliveries by farmers. Sales of such grain are not impeded by quotas, or by elevator congestion, such as at present prevent delivery of wheat at most points in western Canada. There are undoubtedly considerable quantities of oats and barley on farms, which would come out for sale if farmers considered present prices sufficiently attractive, but it is very difficult to say what price advance would be required to bring them out. Many farmers holding coarse grains expect to feed to their own livestock. Others take note of what has been said about a prospective scarcity of such grains before the end of the crop year, and think it worth while to hold in expectation of a price advance or until they have made their seeding plans for the spring.

Though farmers have been urged to seed an increased acreage of coarse grains in 1941 some of them calculate that they can hold over supplies as cheaply as they can grow fresh ones unless there is an advance from present price levels.

In some districts a demand for seed oats may shortly develop, where frost damage last fall impaired the germination quality of grain. That demand, however, will hardly be great enough to put a strain on the plentiful supplies of oats good enough for commercial seed, to be found in other districts.

Farmers' plans with respect to coarse grains will to some considerable extent depend upon the health and number of the spring pig crop. Undoubtedly a large number of farmers are planning to increase their production of bacon hogs this year, and a very large number of sows have been bred.

Wheat Prices



Cash Quotations

	For Week Feb. 24 High	For Week Feb. 24 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.75½	.75⅛	.75⅝	.74⅝
1 Nor.	.75½	.75⅛	.75⅝	.74⅝
2 Nor.	.73¼	.72¾	.73	.72⅛
3 Nor.	.70¼	.69¾	.70	.69⅛
4 Nor.	.67¾	.67¼	.67⅞	.66⅞
5 Wheat	.66	.65⅝	.65⅞	.64⅞
6 Wheat	.64½	.64¼	.65	.63⅞
Feed	.62½	.62⅛	.62⅞	.61⅞
Oats:				
2 C. W.	.34¼	.33¼	.33⅝	.33⅛
3 C. W.	.34	.31¾	.32⅛	.31⅜
Barley:				
1 Feed	.47¾	.44⅜	.44⅞	.44¼
2 Feed	.46½	.43⅜	.43⅞	.43¼
Flax:				
1 C. W.	1.57½	1.51⅛	1.51⅛	1.49¼
2 C. W.	1.54¾	1.48⅛	1.48⅛	1.46¼
Rye:				
2 C. W.	.48⅜	.47	.47¼	.46⅞

Winnipeg Grain Futures

Week to Feb. 24, 1941

Crop year from Aug. 1, 1940 High	Low		Open Feb. 18	High for week	Low for week	Close Feb. 24	Close year ago
		Wheat					
.78¾	.71⅝	May	.77	.77¾	.76⅞	.77½	.89½
.80½	.77½	July	.78½	.79½	.78½	.79⅛	.90⅝
		Oats					
.35⅞	.26⅝	May	.34⅝	.35¼	.34½	.35	.40⅞
.33⅞	.29½	July	.32⅞	.33⅝	.32¾	.33⅜	.39⅜
.32	.30¾	Oct.	.31¼	.31⅝	.31¼	.31⅝	.35¼
		Barley					
48⅜	.33⅜	May	.45⅞	.48⅜	.45½	.48	.54¾
.44⅞	.39⅞	July	....	.44⅞	.43⅜	.44¾	.53
		Flax					
1.63¼	1.16	May	1.52	1.60½	1.51⅛	1.59½	1.97⅛
1.62	1.29½	July	1.50⅛	1.58⅜	1.49½	1.57	1.94¾
1.58¼	1.44¾	Oct.	.....	1.54¾	1.44¾	1.54¾	1.91⅜
		Rye					
.52	.44¼	May	.49⅛	.50⅝	.48⅜	.50⅛	.75⅛
.51⅝	.47⅞	July	.48⅞	.50¾	.48⅞	.50⅛	.74⅝

DIVIDEND NOTICES

The Hamilton Cotton Company Ltd.

Notice is hereby given that the regular quarterly Dividend of 50 cents per share on the outstanding Preferred Shares of the Company together with 25 cents per share against the outstanding Dividend arrears on the Preferred Shares be paid on April 1st, 1941, to Shareholders of record at the close of business on Saturday, March 15th, 1941.

By Order of the Board.

JOHN BOWSTEAD,
Secretary.

Hamilton, February 25th, 1941.

The Ontario Loan and Debenture Company

215th DIVIDEND

Notice is hereby given that a Quarterly Dividend of $1.25 per share for the current quarter ending 31st March, 1941, has been declared on the paid-up Capital Stock of this Company and will be payable at the Company's Office, London, Ontario, on the 1st April, 1941, to Shareholders of record at the close of business on the 15th March, 1941.

BY ORDER of the Board.

T. H. MAIN,
Manager.

London, Ontario,
20th February, 1941.

Langley's Ltd. Pays $2 on Preferred

Declaration of $2 per share payable in four equal quarterly installments will be the first dividend disbursements on the preferred stock of Langley's Ltd., Toronto, since Mar. 15, 1939. The payments will be for 50 cents each on March, June, Sept. and Dec. 12, 1941, to shareholders of record the third day of each of the respective months, subject to approval of the Foreign Exchange Control Board.

The payment reflects the substantial improvement which is understood to have been experienced in 1940. Operations in the previous year resulted in a loss of $1.99 per 7% preferred share. Arrears of dividends on the 7% preferred, as of Feb. 15, 1941, giving effect to the March 12 payment, amount to $40.75 per share.

Simon and Sons Sales Register Gain To Date

From Our Own Correspondent

MONTREAL.—Sales of H. Simon & Sons so far this year have shown an increase over those of the corresponding period last year, Arthur Simon, president, told the shareholders at the annual meeting. He added that he looked for an improved year.

Shareholders approved the report, while the directors were re-elected for the current year.

See Moderate Price Increase For 1941 Crop

Present Base Price Plus Storage May Set New Crop Figure

From Our Own Correspondent

WINNIPEG.—Reports from Ottawa suggest that western members of Parliament are getting together in advocacy of an advance in the Wheat Board minimum price for next crop year to 76 cents. That will be regarded in the West as an extremely small advance to propose from the 70 cent basis in effect this year, in view of the fact that farmers do not expect to be able to deliver more than 250 million bushels of new crop wheat because of the congestion at elevators. Although prices of $1 per bushel or of $1.25, basis No. 1 northern in store Fort William have occasionally been suggested as representing a reasonable parity with other prices, there was little real hope of such a gain. But a level of approximately 85 cents a bushel has been generally discussed, and there has been some expectation that it might be restored to the 87½ cent level at which the Wheat Board minimum price level stood for three years prior to 1940-41.

Storage Complications

In addition to the initial price basis of 70 cents a bushel the Wheat Board is paying for farm storage of grain at the rate of ¾ of a cent per bushel per month. Current deliveries are therefore being paid for at the rate of 73 cents a bushel, while a price basis of 76 cents a bushel will have been reached by the middle of July, and will remain in effect for the last two weeks of the current crop year. At one time it was expected that complications might arise, if the new crop were to be set back at the old base price. In effect this would make two classes of wheat on farms, old crop, entitled to a price basis of 76 cents, because of storage charges, and new crop wheat on which the price basis would be only 70 cents.

But now it seems unlikely that there will be any sizeable farm carryover of wheat. It is thought that enough additional elevator space will be provided to enable all deliveries of wheat to be completed before new crop wheat begins to move. Farmers will not willingly carry over a bushel, no matter what price basis may be in effect during the new crop year. To do so would be to interfere with their opportunity to deliver new crop wheat, for there can be no doubt that limited and rigorously enforced quotas on deliveries will be in effect during the new crop year.

Uniform Price

There is much, however, to be said for a uniform price basis during the crop year, instead of one advancing gradually to provide the farm storage payments authorized by the Wheat Board Act. Every farmer, because public storage space will be limited, will have to store a considerable portion of his crop during a period of the year. A uniform price basis of 73 cents a bushel throughout the year would be much more convenient, and would be practically the same in effect as one advancing gradually from 70 cents to 76 cents a bushel. Making it uniform throughout the year at 76 cents would be to add only 3 cents a bushel to what the Wheat Board Act now authorizes.

While some western members are known to be in favor of asking a larger increase, it is believed that others fear that a greater price advance, if authorized, would put in peril the benefits now paid to farmers in crop failure areas, or areas of poor crops, under the Prairie Farm Assistance Act. Manitoba and Alberta farmers do not place very much value on such payments, but they are more highly prized in those areas of Saskatchewan which have most frequently suffered from drought.

Flour Mill Activity Holds Above Average

From Our Own Correspondent

MONTREAL.—Current operations of leading Canadian flour mills are well below last year's peak, but still better than average pre-war activities

Outlook for the current year is considered somewhat obscure, though from present indications it appears doubtful that operations, sales or earnings will be quite up to the 1940 level.

In the late fall of 1940 Canadian flour mills had a burst of activity, a sharp increase in British purchases of flour developed.

Rogers Majestic (1941) Formed in Sale Deal

Announcement is made of the incorporation of Rogers Majestic (1941) Ltd. under the Dominion Companies Act. This company is to take over all of the assets of Rogers-Majestic Corp., except the assets of Rogers Radio Broadcasting. All the shares of Rogers Majestic (1941) Ltd. will be purchased by Small Electric Motors under the terms of the sale recently arranged.

Col. W. E. Phillips, Oshawa, becomes chairman of the new company and W. C. Thornton Cran, vice-president of Small Electric Motors, is to be president.

Rogers-Majestic (1941) plans to continue production of radio receivers for domestic use although on a smaller scale. Rogers Radio Tubes Co. will continue as a tube manufacturer and DeForest Radio Co. as well. A. L. Ainsworth is president of these two companies and a director of Rogers-Majestic (1941). Canadian Radio Corp. will continue to function as domestic distributor with B. A. Trestrail as president.

Dominion Tar Extends Toronto Tar Still

From Our Own Correspondent

MONTREAL. — Dominion Tar & Chemical Co.'s extension to the tar still building in Toronto is expected to be completed about the middle of April. Effect of this work will be to increase the capacity of the tar still and number of employees by about two thirds.

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East Malartic's Output Better

Tonnage of Ore Milled and Value of Output Both Up in January

An increase in production to $249,566 from 45,470 tons of ore was shown by East Malartic Mines in January. In the previous month $218,153 has been recovered from 42,565 tons, the lowest recovery for many months.

Drifting east at the third level—which is the furthest advanced—is stated to be in good grade ore which may represent the beginning of a new ore body on the south contact, it is stated.

Work At New Levels

Crosscuts on the new levels at depth are now stated to be approaching the ore zone. This work is being rushed with all possible speed. Higher grade development ore from these levels should materially increase mill heads, it is anticipated.

Diamond drill exploration of the contact area east of No. 3 shaft has been commenced.

During the month of January, development faces were advanced 498 ft., and stope development faces 300 ft. A total of 22,425 tons of ore were broken. Cumulative broken ore reserves now amount to 326,003 tons.

Best Yeast Ltd. Opens Second Plant

From Our Own Correspondent

MONTREAL. — Best Yeast Ltd. has placed in operation its new $165,000 yeast manufacturing plant at Thorold, Ont. It is situated near the mill of the Ontario Paper Co. from where the pulp liquor is pumped to the new plant.

Along with a similar plant operated by the company at Liverpool, N.S., in conjunction with the Mersey Paper Co., this new plant at Thorold is the second one on the American continent to utilize waste sulphite liquor.

Hamilton Cotton Co. Reduces Arrears

Payment of 25 cents on arrears of preferred dividends by Hamilton Cotton Co. along with the regular quarterly payment of 50 cents on April 1, 1941, will reduce arrears to $3.75 per share. At the beginning of 1940, arrears stood at $6 per share, but were reduced to $4 per share by Jan. 2, 1941, by three quarterly extras of 25 cents each and a final payment of $1.25 per share.

B. C. Electric Rly. To Build Plant

Plans Enlargement of Bridge River Development in Near Future

From Our Own Correspondent

VANCOUVER. — B. C. Electric Railway, chief operating subsidiary of B. C. Power Corp., plans early enlargement of its hydro facilities, but it is unlikely that it will proceed with construction involving anything approaching the $18 million investment reported in coast newspapers last week.

E. H. Adams, vice-president, has been spending the past few weeks in Montreal in connection with the company's financial affairs, and will report to directors on his return. W. G. Murrin, president, indicates that while the company plans ultimately to carry out the complete utilization of the Bridge River power programme, providing a maximum of 600,000 h.p., and involving expenditure of more than $25 million, such figures have no place in discussion of the plans for the immediate future.

Started 10 Years Ago

The company first embarked on the Bridge River development about ten years ago and proceeded to drive a tunnel through Mission Mountain to give a head of water from the river to the power station at Seton Lake. The present power plant is of a temporary nature, generates less than 5,000 h.p. which is consumed chiefly by the gold mines of the Bridge River area.

Eventually Bridge River power will be brought to Vancouver and other coast centres by transmission lines.

The company's next step, it is expected, will be in the way of stepping up the power plant. Original capacity of the first unit was to be 50,000 h.p. To bring about substantial increase in present energy created at Bridge River would not cost a great deal, it is reported.

Monarch Knitting Co. Pays $7 on Pfd.

Dividend of $7 per share on the 7% preferred stock of Monarch Knitting Co. has been declared payable March 21, 1941, subject to approval of the Foreign Exchange Control Board. A similar disbursement was made Feb. 29, 1940, following earnings of $12.41 per share in 1939. After the current payment, which is to shareholders of record Feb. 27, 1941, arrears on the preferred will amount to $57.92 per share.

Week in Mining

Dominion Gold Output Takes Sharp Jump

Receipts at Ottawa Mint Reported at 461,602 Fine Ounces in January Compared With 415,-065 Ounces in December

With 461,602 fine ounces of new gold received at the royal mint in January—according to figures issued by the Dominion Bureau of Statistics—output for the month amounted to $17.8 millions or an annual rate of $214 millions. In 1940 gold production was approximately $203 millions.

Gold recovery for January represents an increase of over 45,000 fine ounces or $1.7 million over the 415,065 ounces for December, which was a lower than average month. Output in October, for instance, had totalled 467,400 ounces—even more than the January production. However, the January production represented a substantial increase over the 424,400 ounces produced in January, 1940.

New Molybdenum Demand?

Advices from New York suggest that in view of current shortage of nickel to meet peacetime requirements, steel manufacturers may turn to molybdenum as a substitute. There are stated to be many types of steel where molybdenum can give the same results as at present achieved by hardening with nickel.

The potential output of molybdenum is stated to remain considerably greater than demand although use of molybdenum has been growing rapidly recently. Sales of molybdenum in the United States in the first two months of 1941 totalled around 3.5 million pounds or an annual rate of 21 million pounds. Best year for molybdenum use was 1939 when between 12 and 13 million pounds were consumed in the United States.

If new uses drive up demand for molybdenum, it is possible potential Canadian sources of production may again come into the picture. The Quyon mine in Quebec, for instance, was prepared for production at the outbreak of war only to find the market had disappeared when the new mill was completed.

* * *

Prospectors' Meetings

Annual meeting of the Ontario Prospectors and Developers Association has been called for 2.30 p.m., March 4, in the King Edward Hotel, Toronto. This meeting will be followed by the Association's annual dinner the next night.

The annual prospectors' dinners are usually well attended affairs and it is expected that many "old timers" from out of town will be in Toronto for both meeting and dinner.

During 1940 the Prospectors' Association was active in improving conditions of the prospector. The trend of prospecting is still unmistakably downward, however, it is noted. It is hoped to co-operate with a provincial commission the Government is purportedly appointing to remedy prospecting ills in the present year.

* * *

Taxation Warning

A note of warning regarding taxation of gold mines was voiced by J. D. Perrin, president of San Antonio Gold Mines, in that company's annual report. Says Mr. Perrin:

"The very future of the mining industry in Canada, in my opinion, is dependent on the attitude the various taxing bodies take in regard to the industry. There are millions of tons of ore being used up annually and there have been relatively no new deposits, either located or developed to replace this ore in recent years. Devaluation of currency made ore out of millions of tons of waste rock. This was the great provider of new mines and ore bodies during the past five years. Taxes are now turning millions of tons of ore into waste rock, and removing the incentive for men and capital to endeavor to find new mines and develop them. This is a serious situation for the economics of the country, as when the war is over, there will be many thousands of men returning to be absorbed into civilian life and every ton of ore that is turned into waste rock by taxation eliminates the full value of that ton of rock from the commercial and industrial life of the country. In other words, if $6 rock cannot be mined that is just $6 the tax gatherer, the manufacturer and others in all walks of life in Canada cannot get."

* * *

No Salvage on Low Grade

"I do not stress this from the selfish standpoint of our mine, or of the industry, but because of the great economic waste to the country at large. When you have once passed by such ore in your workings, it is very frequently much too costly to try to salvage it if more favorable conditions arise later.

"A mine is a capital prize. Thousands of prospects are tried out for every profitable producer brought in. Therefore by the very nature of the business the net profits must be very large to assure continuance of the industry as a whole. It must be remembered there are two sides to every tax. One is the income which it yields the Government and the other is the economic effect. In the case of mining there is no consumer to whom you can pass on your increased costs, nor is there any artificial method of obtaining material from which to make ore."

* * *

A Big Cash Deal

One of the biggest cash deals in some time may go through March 4 when shareholders of Rouge d'Or Mines meet to pass approval on an offer of Madsen Red Lake Gold Mines. Madsen has offered to purchase the 15 Rouge d'Or claims, which adjoin its own property, for $253,000 cash and 20,000 treasury shares of Madsen.

Rouge d'Or shareholders will also be asked to approve reduction in the company's capitalization from five million shares to 500,000 shares and a change in name to Edena Mines. Madsen is likely to postpone dividend action for a time if the Rouge d'Or deal goes through, it is reported.

Offer National New Finances

Noranda, Hollinger and Quebec Gold Co-operate in Proposed Deal

Shareholders of National Malartic Gold Mines will shortly be asked to give their approval to a refinancing deal with Noranda Mines, Hollinger Consolidated Gold Mines and Quebec Gold Mining Corp., Gustave H. Rainville, the company's president, reports.

In making this announcement, Mr. Rainville confirmed that tentative terms of an agreement for financing had been accepted by directors of the company, subject to approval of shareholders being given.

The agreement to be submitted would provide additional funds which, with those on hand, will be sufficient to finance an intensive development programme as recommended by the company's engineers, it is stated.

Details of the agreement have not yet been made public but it appears likely that the financing group will be willing to supply all the funds required to reach production if results prove up to expectations. It is anticipated that a considerable programme of development will be considered desirable to determine the property's full possibilities before making a decision on the best size of mill to meet the mine's requirements.

Development of the property underground has so far been confined to lateral exploration from the workings of the adjoining National Malartic mine with a considerable amount of drifting confirming surface drilling results in the section explored, it is reported. Completion of the company's own shaft has been recommended. This would allow development to be extended and the opening up of the north ore zone which has not yet been touched underground.

La Luz Profit Works Higher

Estimated Total is $327,-151 in December Quarter Last Year

Estimated net profit of the Ventures and Sudbury Basin-financed operation of La Luz Mines in Nicaragua amounted to $327,151 in United States funds for the three months ended Dec. 31, 1940, compared with $244,572 the immediately preceding three months.

Results for the quarter were stated to be "quite exceptional" as mill heads averaged close to $9 per ton in spite of increased tonnage. This is better than average grade due to rich lenses found in the open pit.

Recovery of $644,298 in the December quarter was obtained from milling 79,845 tons of ore. In the preceding quarter $436,469 had been recovered from 53,077 tons of ore.

During the coming quarters, gold production is not expected to fall off as the mill is now operating at 1,000 tons daily. Increased tonnage is expected to partly make up for the lower grade treated. It is expected gross production will be about $550,000 per quarter until next fall, when completion of the third ball mill unit and the hydro-electric plant will permit a further increase.

Rand Malartic Mines has resumed diamond drilling on its property lying between East Malartic Mines and Malartic Gold Fields in the Malartic area of Quebec.

450,000 Tons of Iron Ore From Helen Mine This Year

With shipments of sintered iron ore scheduled to recommence with the opening of navigation, it is anticipated that possibly 450,000 tons of sintered product will be shipped from the New Helen mine of Algoma Steel Corp., in the current year. This compares with a production of around 365,000 tons last year.

The increase in the rate of shipments does not reflect any increase in capacity. Previously, operations had been conducted at below capacity of equipment. If it should be desired to expand production to further than the 450,000 tons per annum rate, the present aerial tramming facilities would be the bottleneck. It is believed that remaining equipment could handle an even larger tonnage with much additional capacity in the ship loading facilities end.

Open pit mining is used at the New Helen mine with series of holes blasted simultaneously, breaking the sinter iron ore. Exploratory drilling of the iron ore deposit has been carried to a depth with one drill hole put down to a depth of 2,200 ft. showing no change in the iron ore there. Reserves are estimated at 100 million tons with the deposit not delimited at depth.

Ore from the mine is carried 2½ miles by aerial tram to the sintering plant 270 ft. lower down. After the ore is treated in the sinter plant, the product goes directly into railway cars and is transferred to the elaborate boat loading facilities some distance away. These facilities are capable of loading a boat in five hours.

Grade of the sintered iron has proved to be higher than estimates made prior to installation of the sintering plant. Iron content runs well over 50% and sulphur content is practically nil. Sulphur content was previously considered one of the drawbacks of the ore. In mixing coke with the broken iron ore in the sintering plant, however, the company must still be careful to determine sulphur content as the sulphur is a fuel itself in sintering operations.

Mining Concentrates

Bulolo Gold Dredging had an estimated working profit of $272,370, United States funds, in January, compared with $242,970 in December. January gold production was 12,370 ounces compared with 12,-586 ounces in December.

* * *

Cariboo Gold Quartz Mining Co. has declared an extra dividend of 2 cents a share payable along with the regular quarterly dividend of 4 cents a share on April 1 to shareholders of record Mar. 3.

* * *

Cline Lake Gold Mines has declared an initial dividend of 4 cents a share payable Feb. 28, 1941, to shareholders of record Feb. 14. Approximately $47,000 will be received by O'Brien Gold Mines, the largest shareholder.

* * *

Duquesne Mining Co. has received payment for balance of March 20 installment of 50,000 shares. Issued capital is now 2,779,812 shares.

* * *

Forty-Four Mines realized a net profit of $3,438 in 1940, the company's annual report shows. As at Dec. 31, 1940, current assets totalled $68,006 with no current liabilities. A heading is now being pushed from the San Antonio workings toward the Forty-Four boundary at the eighth level. An advance of 415 ft. had been made at the end of 1940 with a further 900 ft. to go to reach the boundary line.

* * *

Gold Frontier Mines has extended the west ore body on the 125-ft. level to a length of 120 ft. with the last three channel samples taken from the face of the drift running $119.35 over 3.5 ft., $56.21 over 5 ft. and $31.95 over 4.5 ft. The present face is in ore running 4½ ft. wide. On the 225-ft. level the west drift has entered a quartz vein showing visible gold over widths up to 2 ft. The east drift has been in ore for 50 ft. showing widths up to 12 ft. Slashing 70 ft. east of the shaft opened ore 10 ft. wide and a channel sample across the ore returned an assay of $42.35 across 10 ft.

* * *

Naybob Gold Mines is stated to have its expansion programme in full progress. Shaft sinking has been carried to a depth of 100 ft. below the 825-ft. level and is being continued to its objective of 1,500 ft. to provide new levels at 952, 1,075, 1,200, 1,375 and 1,450 ft. depth. The shaft is being enlarged to three compartments in its upper section. Contracts have been let for a new headframe and new ore bins. Normal operation of the mill will not be affected. Crosscutting west from 211 west drift at the 200-ft. level has cut 10 ft. of ore running $9.42 a ton. Another 3-ft. section 26 ft. farther south went $8.80. Work on the 300-ft. level has given values on the general dip and strike. At the 400-ft. level diamond drilling 55 ft. to the south intersected 2.5 ft. running $43.50 checked by a second hole which went $9.20 across the same width. At a point 450 ft. east of the shaft at the 700-ft. level and 100 ft. east of the most easterly stope, a diamond drill hole 30 degrees upward intersected 3 ft. assaying $11.90 at 70 ft., 2 ft. running $55.65 at 138 ft. and a foot running $14 at 151 ft. All values seem to bear no relation to other occurrences, it is stated.

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Pickle Crow Gold Mines has declared its usual quarterly dividend of 10 cents a share payable March 31, 1941, to shareholders of record March 15.

* * *

Pioneer Gold Mines has declared its usual quarterly dividend of 10 cents a share, payable April 1, 1941, to shareholders of record Feb. 28.

* * *

Siscoe Gold Mines had estimated earnings of $794,000 equal to 17 cents a share in 1940 before depreciation, taxes and exploration costs compared with $962,986 or 21 cents a share the previous year. Production in 1940 was $1,775,208 from 233,-321 tons of ore against $1,953,901 from 218,041 tons the preceding year.

* * *

Wampum Gold Mines is stated to have purchased a mining plant capable of carrying work to a depth of 1,000 ft. Sinking of a shaft to a depth of 375 ft. for a programme of underground work has been recommended by A. H. Norton, the company's mine manager.

* * *

Wright-Hargreaves Mines has declared a quarterly dividend of 10 cents a share plus an extra of 5 cents a share, payable in Canadian funds on April 1, 1941, to stockholders of record Feb. 28. In the previous quarter the company had paid a quarterly dividend of 11.1 cents a share plus an extra of 5.55 cents a share, both payable in Canadian funds. This had been the equivalent of the former distributions made in American funds, allowing for the difference on exchange.

Technical Men To Be Drafted

Ottawa Plans Bureau to Get Special Personnel For War Work

From Our Own Correspondent

MONTREAL.—Steps have been taken by the Dominion Department of Labor to set up a new agency to cope with the problem of recruiting scientific and technical personnel to aid the war effort.

The agency will be known as the Wartime Bureau of Technical Personnel. It will act as a national agency "to recruit and place scientific and professional personnel in the war industries."

The responsibility for organizing the bureau has been delegated to the Engineering Institute of Canada, the Canadian Institute of Mining and Metallurgy, and the Canadian Institute of Chemistry.

Little in Charge

E. M. Little of Quebec, general manager of the Anglo Canadian Pulp and Paper Mills and of Gaspesia Sulphite Co., will direct the Bureau. A committee representing the co-operating professional institutes will serve in an advisory capacity.

A complete file covering experience and qualifications of members has been under preparation by the various institutes for some time. This information, together with records available in various government departments, will form the nucleus for a basic register of scientific and technical personnel in Canada.

Wide Powers

Shortages have developed in various industries and in government agencies of special personnel of this type, such as auditors, chemists, engineers, etc. It is understood wide powers will be exercised in administration of the Bureau, so that urgently required men can be drafted from jobs not directly essential to the war effort. These trained and experienced men could be replaced by younger men, perhaps from universities.

It is not known whether the Bureau will function solely to recruit and place technical personnel during the war emergency or would carry on into peacetime to aid in the reconstruction period. The latter prospect is believed unlikely, as there are already several organizations which have done good work in the field. Chief among these is the Technical Service Council, with headquarters in Toronto, which has placed several thousand professional and technical men in positions.

N. S. Coal Miners Want Higher Wage

From Our Own Correspondent

MONTREAL. — Finances of three Nova Scotia coal companies may be investigated by auditors to determine if wage increases asked for about 10,000 miners are justified, according to a statement made by Hon. L. D. Currie, Nova Scotia Minister of Mines.

District 26 of the United Mine Workers of America have sought wage increases from Dominion Coal Co., Acadia Coal Co., and Old Sydney Collieries Ltd. The companies have taken the stand they are unable to grant them.

N. C. URQUHART & CO.
STOCK BROKERS
Members Toronto Stock Exchange
15 King Street West Toronto, Ont.
ADel. 6028

Week in Oils

January Output Up

From Our Own Correspondent

CALGARY.—Oil production from Alberta oil wells showed a big jump in January compared with Jan., 1940. The war production stabilization plan was chiefly responsible for the increase.

Production for January was 781,-711 bbls., nearly double the 471,050 bbls. produced in the corresponding month of last year. Of the January production, Turner Valley wells produced 750,098 bbls. of the total, according to records of the Alberta Conservation Board.

January production also showed an increase over last December when 722,824 bbls. of oil were produced in Alberta.

* * *

New Princess Wells

Interest continues to run high in the Princess-Steveville area. Standard Oil of British Columbia has staked location for its Princess No. 4 well in L.S.D. 13 12-20-12w4, just over a quarter mile southwest of the Princess No. 2 discovery well and is reported to have let a drilling contract.

Princess No. 3 well meanwhile is midway to completion after eight days of actual drilling. Late last week, drilling was proceeding below 1,652 ft. with continuous coring expected to start at about 3,150 ft. and completion expected early in March around 3,300 to 3,400 ft. First extended production tests of Princess No. 2 well will start shortly. Work has already been started on a spur line connecting a new storage tank with the railway siding at Princess.

* * *

Steveville Oil Co.

Steveville Oil Co., which took over the Steveville-Princess holdings of Anglo-Canadian Oil Co. and Petroleum Investments Ltd., has completed a derrick at its new test three quarters of a mile east of Princess No. 2 well. The well has been officially titled Anglo-Steveville No. 3. The Diesel-powered rig from the Anglo No. 9 well in Turner Valley will be shifted to the Princess well.

Cost of wells in the Steveville area is estimated at only around $35,000 per well compared with approximately $150,000 for Turner Valley.

* * *

Major No. 1

Important north Turney Valley test Major Oil Investments No. 1 well encountered the Dalhousie sand at approximately 5,800 ft. indicating, according to Geologist J. O. G. Sanderson, that "there is now little danger of the well drilling into the Royalite No. 35 fault, and that the Madison limestone objective will be reached between 6,100 and 6,300 ft."

Should the well continue to confirm Dr. Sanderson's theories on north Turner Valley, it will not only obtain production at a relatively shallow depth, but will also force revision of present common opinions on north Turner Valley extension possibilities, and will open a substantial area for development. Major No. 1 has escaped the faulting encountered at Home No. 1, its west offset, and if the lime is reached at 6,300 ft., limestone elevation will be more than 800 ft. higher than at Home No. 1, assuring a larger than average drainage area.

The Home Front

New Fund Launched

The Queen's Canadian Fund For Air Raid Victims in Great Britain has been launched in Canada under the patronage of Queen Elizabeth to serve as a national framework for local funds throughout this country, many of which have been started spontaneously in recent weeks. A national appeal will be formally inaugurated early in April.

The new organization, whose headquarters are at 231 St. James St. W., Montreal, will operate in Great Britain through the Lord Mayor's National Air Raid Distress Fund. The Queen's Canadian Fund is supported by newspapers throughout Canada with a combined circulation of over 2 millions and will be operated through newspapers except where local organizers desire to make their own arrangements.

Subscription lists are being opened at all branches of the Royal Trust Co. and some of the daily and national week-end newspapers will also collect funds in their own localities.

The Lord Mayor's Fund in Great Britain, to which the Queen's Canadian Fund will from time to time turn over money, is a national effort which anticipates and supplements any government provision by prompt gifts of clothing and cash for immediate necessities after air raids. All relief is distributed through civic authorities in different parts of the United Kingdom.

* * *

Oil Painting Donated

To further the cause of the Canadian Petroleum Spitfire Fund, Dr. Josef Hilpert—outstanding miniature and portrait painter—has donated a portrait in oils of Prime Minister Winston Churchill which he values at $1,000.

This picture is to be raffled off to provide further money for the fund. Tickets will be issued shortly at $1 each. The Canadian Petroleum Spitfire Fund is sponsored by the associated companies of Clifton C. Cross & Co.

Commodities

Tension in Orient Stiffens Prices

Rubber and Silk Affected By Increasing Shipping Difficulties

Strength in the commodity markets has been largely confined to lines most likely to be affected if new war should break out in the Orient. Rubber and silk were both stronger. In each case the difficulty in getting shipping and the increasing cost of ocean freight and marine and war risk insurance were the immediate factors. Silk was also affected by the policy of the Japanese Government of taking all silk offering below a certain set price.

Cocoa continued stronger as arrangements to establish a quota system similar to that in coffee were reported to be making progress.

Reports of record consumption of cotton in the United States in January brought higher prices in that department in spite of the foreign political developments which it was feared might further restrict exports.

In the agricultural group, livestock prices were higher owing mainly to lighter receipts at the larger stock yards. American demand for Canadian cattle was lighter but the Canadian market absorbed all the offerings.

	Latest week	Previous week	Same week last yr.
Cattle	$10.00	$9.75	$7.50
Hogs	11.40	11.25	12.00
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1086	.1077	.1142
Rubber, lb.	.2087	.2062	.1867
Silk, lb.	2.67½	2.57	2.97
Sugar, raw, lb.	.0305	.0298	.0285
Wheat, Man. (bu.)	.75½	.75⅝	.86⅝
Coffee, lb.	.06	.06	.05⅝
Hides	.12	.12	.13¼
Weekly Indices			
Canada (D.B.S.)	85.0	85.0	82.5
Do., Wood, Gundy	67.9	67.5	68.6
U. S. Labor	80.5	80.5	78.3
Dow Jones (future)	56.59	55.49	59.81
Fishers'	85.9	85.4	84.8
Monthly Indices			
Canada (D.B.S.)*:			
Retail (Jan.)	108.3	108.0	103.8
W'sale (Dec.)	84.2	84.0	81.7
U. S. (Nov.)	79.6	78.7	79.2

Note:—The base of indices is that 1926 equals 100. *Base 1935-38=100.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Saguenay Terminals Bids on Colliers

From Our Own Correspondent

MONTREAL.— Saguenay Terminals Ltd., Montreal, wholly-owned subsidiary of the Aluminum Co. of Canada, was the highest bidder for two large U.S. naval colliers, easily convertible into cargo carriers, each of which is of 19,000 tons displacement. The ships are the Proteus and the Nereus which the U.S. Navy has certified are no longer needed by the American Service. Both ships were built before the Great War.

Saguenay Terminals bid $260,000 for the Nereus and $327,000 for the Proteus, plus a $10,000 bonus if both are obtained, making $597,000 for both vessels.

Company Reports

San Antonio

Highlights of the annual report of San Antonio Gold Mines for 1940 are as follows:

An increase of over 50% in ore reserves at 756,718 tons compared with 491,486 a year previous.

Announcement that the increase of 200 tons daily in mill capacity is expected to be in effect next August.

Earnings of $481,136 or 20.5 cents a share for the year compared with $495,413 or 21.1 cents a share a year previous.

Bullion production, less marketing charges, amounted to $1,397,594 in 1940 against $1,227,771 the previous year. Operating costs established a new high because of the large programme of underground development undertaken.

The most important discovery of the year is stated to have been the 40 vein on the 15th and 16th levels, the lengths of ore being 451 and 328 ft., respectively. This ore body has an average width of 13 ft. No. 3 winze started late in 1939 was completed early in 1940 to a depth of 1,079 ft. The 13th, 14th, 15th and 16th levels have been opened up by crosscuts and ore passes.

3,000-ft. horizon. Others are participating in these projects. Development work was carried out during the year on all levels from 2,475 to 3,875 ft., none of which are fully developed. Opening of new levels at 3,875 to 4,125 ft. will be carried on this year. The No. 2 shaft was completed to 4,070 ft. in August with work under way at the 4,000-ft. level.

Income and Surplus Account
Years Ended December 31

	1940	1939
	$	$
Bullion production	2,680,188	2,317,985
Less: Oper. exps.	1,034,369	906,385
Operating earnings	1,645,819	1,411,600
Add: Invest. income	31,349	32,791
Net earnings	1,677,168	1,444,391
Less: Depreciation	125,616	121,394
Res. for taxes	360,851	136,445
Development w/o	105,274	148,085
Net profit	1,085,427	1,038,467
Less: Dividends	937,324	870,372
Surplus for year	148,103	168,095
Add: Prev. surplus	401,188	424,086
Less: Addit. taxes	18,417	......
Outside explor. w/o	27,514	11,523
No. 2 shaft exp. w/o	95,039	179,470
Surplus forward	408,321	401,188
Earnings per Share and Dividend Record:		
Earned	$0.405	$0.388
Paid	0.35	0.32½
No. of Shs. Outstdg.	2,678,068	2,678,068
Working Capital		
Current assets	1,233,384	913,601
Current liabilities	456,452	218,354
Working capital*	776,932	695,247

*Taking securities at market value, working capital was $665,454 in 1940 against $653,346 in 1939.

Macassa Mines

Although a record tonnage of ore was milled last year, Macassa Mines increased its ore reserves by 75,320 tons to 453,900 tons averaging $17.32 a ton—or sufficient for three years' milling operations on the basis of the 150,674 tons milled last year.

Earnings last year were equal to 40.5 cents a share or slightly more than the 38.8 cents a share for 1939. A sharp increase in taxes was more than taken care of by an increase in value of bullion production to $2,680,188 in 1940 from $2,317,985 the preceding year. Tonnage of ore milled was up approximately 2,500 tons at 150,674 tons in 1940.

Renabie Mines was formed to take over the company's optioned property in Rennie twp., with a capital of 1.5 million shares, and investment in this company was $100,-664 at the end of 1940. Diamond drilling is stated to have indicated 320,000 tons of ore in three separate ore bodies. A mining plant is now being installed to carry underground development to 300 ft.

Exploration of the properties of Casakirk and Amalgamated Kirkland which adjoin the Macassa mine is being undertaken at the

Sherritt Gordon

An earnings increase from one to three cents a share, ore reserves substantially unchanged, and working capital increased nearly $200,000 to $1,870,209 after payment of $587,-443 in dividends, are outstanding features of the 1940 report of Sherritt Gordon Mines.

Due to restrictions on release of information in wartime, no detailed figures are given on tonnage of ore milled or metal recovered but it is stated tonnage treated was practically unchanged with mining of ore from the East shaft increasing gold and silver output. Mining at the East shaft will only be carried on from April to November when aerial tramming is convenient.

A winze was put down from the sixth level of the West mine during the year with a level cut 480 ft. from the top of the winze. Raising is now being carried on from the new level at the shaft location. During the year diamond drill holes were put down to extend the west ore body westward with a flat rake.

Ore from the East mine has been found more refractory to treat, lowering grade of concentrate somewhat. No ore body has yet been found in the northern section of the property but further work is being done. The option on the property at Lasthope Lake in the Granville Lake section of Manitoba was exercised last year and more work may be done this year. Diamond drilling was done on Granville stakings but values were spotty.

Income and Deficit Account
Years Ended December 31

	1940	1939
	$	$
Net metal sales	3,764,686	3,282,900
Less: Decr. in invent.	162,475	*137,996
	3,602,211	3,420,896
Less: Development	396,243	429,376
Mining, hoisting	788,647	725,734
Back filling	10,682	20,228
Crushing & convey.	62,415	59,659
Mill. & concentrat.	249,117	261,668
General mine exp.	159,109	143,899
Admin. & gen. exp.	44,687	29,682
Shipping, smelting, etc.	963,992	944,457
Operating earnings	927,319	806,193
Add: Other inc. (net)	14,231	2,344
Total net income	941,550	808,537
Less: Develop. w/o	410,663	404,923
Depreciation	291,794	288,937
Taxes	55,000	10,818
Sherridon loss	14,809	12,138
Outside explor.	803	6,248
Adjacent explor.	......	9,292
Loss on assets sold	......	17,474
Net profit	168,481	58,707
Less: Dividends	587,443	......
Deficit for year	418,962	†58,707
Add: Prev. deficit	414,650	473,357
Deficit forward	833,612	414,650

*Increase. †Surplus.

	1940	1939
Earnings per Share and Dividend Record:		
Earned	$0.03	$0.01
Paid	0.10	nil
Working Capital		
Current assets	2,174,649	1,946,434
Current liabilities	304,440	266,654
Working capital	1,870,209	1,679,780

Commonwealth Pete.

A sharp increase in profits is shown by the annual report of Commonwealth Petroleum for the 15 months ended Aug. 31, 1940. Profit for the period of $115,818 was equal to 6.2 cents a share compared with $48,990 or 2.7 cents a share the preceding year. Unaudited figures for the five months ended Jan. 31, 1941, show a $25,498 profit.

No annual meeting has been called as a meeting with full powers cannot be held until an action of D. J. Young, former president, has been disposed of by the courts.

Commonwealth Petroleum is shown as owner of 498,260 shares of Commoil, 1,021,406 shares of Command Oil and all but three outstanding shares of Commonwealth Drilling Co. Commoil has four wells, while Command has two wells and a half interest in Ace Royalties drilling a well on a site immediately north of Alberta Oil Incomes No. 2 well. The Commonwealth Drilling Co. rig is paid for and substantial dividends are stated to be accruing from this source. Commonwealth is pursuing a policy of participating in drilling of two wells a year.

Income and Surplus Account

	15 Mos. ended Aug. 31 1940	Year ended May 31 1939
	$	$
Revenue:		
Commoil divds.	34,119	48,105
Commonwealth Drilling	79,996	......
Royalite divds.	......	525
Royalties	25,135	8,354
Management fees	2,650	1,800
Interest earned	1,652	2,689
Transfer fees	237	100
Cutbank production	......	565
Profit on shs.	......	2,093
Net income	143,789	64,231
Less: Directors' fees	410	450
Off. & other exp.	9,164	8,394
Legal fees—general	1,839	678
Taxes	830	691
Lease rentals	966	......
Geological fees	342	......
Transfer fees	274	......
Off. equip. deprec.	169	135
Write-offs	598	2,229
Gov't investigation	5,170	......
Court action exp.	......	2,664
Royalties' depletion	6,284	......
Inc. & excess p. tax	1,925	......
Net profit	115,818	48,990
Less: Dividends	......	37,026
Surplus for year	115,818	11,964
Add: Prev. surplus	*1,520	35,324
Less: Tax adjusts.	3,300	......
Write-offs, etc.	77,935	45,768
Surplus forward	36,103	3,520

*After adjustment.

	1940	1939
Earnings per Share and Dividend Record:		
Earned	$0.062	$0.027
Paid	nil	0.02
No. of Shs. Outstdg.	1,851,309	1,851,309
Working Capital		
Current assets	76,356	40,696
Current liabilities	57,263	997
Working capital	19,093	39,699

Uncle Sam's New Bases

(Continued from page 11)

South Atlantic from the western bulge of Africa to the eastern bulge of Brazil; that there are some very influential Nazi sympathizers and the largest German colony in South America is in Brazil; that it is less than 1,800 air miles from Brazil's bulge (Natal) to British Guiana (Georgetown).

At Antigua and St. Lucia no very extensive works are planned so far, these being regarded solely as stations for airplane patrols, involving landing fields and service facilities, with some defenses.

Trinidad is being developed as the major base of the Caribbean. Uncle Sam has finally got the property he wants there, which gives onto a great land-locked harbor, the Gulf of Paria. The gulf is about 80 miles long and 40 miles wide and has several sheltered anchorages. Some dredging will be required at the southern approach, but when completed a fleet here will have two deep water entrances.

Very important, too, is the fact that Trinidad has important resources of foodstuffs and labor, petroleum and refineries. Eventually Trinidad may become the "Singapore of the West."

The base in British Guiana, 315 miles south of Trinidad and about 25 miles from Georgetown, is being developed only for land and sea planes. It is regarded as an advance post, a base for reconnaissance. This will extend the range of U. S. patrol planes to the mouth of the Amazon and within 1,000 miles of Natal.

The Established Bases

In addition to development of these new bases leased from Britain, America has been greatly strengthening her own bases at Quantanamo Bay in Cuba, San Juan in Puerto Rico and St. Thomas in the Virgin Isles.

I saw these operations at San Juan which the United States is turning into its major base in the eastern Caribbean. Two great air bases are being established, one just outside San Juan, the other on the northern end of the island. In the latter case work started three days after the outbreak of war and is slated for completion by June of 1941. In addition the U. S. navy is expanding facilities for servicing and repair and the U. S. Army is engaged in enormous programme for defense of the island itself.

Status of Residents

What is the attitude of the people of the British islands whereon United States has obtained leases?

A brand new sense of importance in world affairs — and pleasure therein—is the first and most obvious reaction of the residents. At least that was the case at the two points where I spent some time, Jamaica and Trinidad.

Furthermore, there is very pleasurable anticipation of new prosperity. How much money Uncle Sam is going to spend on any one base or on all is not apparent. Some $75 millions is all that has been appropriated for this specific purpose so far, but it is well recognized that the importance of the bases will bring forth all the funds necessary for their full development.

For the most part Uncle Sam will bring to these bases his own raw materials for their development. Such things will enter duty free. It is generally expected that the management and perhaps to a large extent expert labor will be brought over from the United States.

At the same time it is anticipated that a great deal of local labor will be employed. Already authorities and employers in Trinidad are agitating for some agreement with the United States that it will not pay more than the going wage for local labor. Though sod has yet to be turned in Trinidad, businessmen in Port of Spain point out that U. S. executive operators in the island in preparation for the work to come have already stripped the city of competent stenographers and office help and are offering considerably more than going wages for still more assistants.

While the size of the garrisons to be stationed at any of these posts is not known, it is presumed that whatever they are, they will provide a worth-while and perhaps very important new market for local products, especially foodstuffs and fresh vegetables; for entertainment; that the comings and goings of officers and wives and friends and authorities will open a brand new era of prosperity for travel and hotel services.

Generally speaking, local interests are delighted to dazzle with the possibilities.

May Upset Wages

But they also have big questions in their minds. I have already hinted at one, the likely effect on wages. There are very real fears that the tight little island economy with low wage scales will be inundated by these newcomers with "big American ideas" and bottomless pocketbooks.

There are fears of two kinds about the effect of this influx on the overwhelming black population. The island whites fear that a new era of flowing prosperity for the blacks will make them more pushing and demanding than they have already become; that "keeping the blacks in their place" will be an even more difficult problem.

The blacks have their fear: that the Americans may be going to substitute the paternalism of the British for the prejudices of the southern States.

Whether they are going to end up citizens of the United States or of the British Empire is a question few have got around to asking or speculating on.

There are those who wonder what actual benefit Britain has been getting from her ownership of these distant isles, some of them involving chronic headaches for administrators, some requiring frequent artificial economic respiration for marketing of their crops.

Under war conditions most of these islands are starved for dollar exchange and the British have clamped down tight on their imports. This means that U. S.-made cars, refrigerators, radios and other sleek modern gadgets are difficult or impossible to get, and it is almost entirely the American-type models they prefer, whether they come from United States or Canada. For the first time many islanders with money to spend are discovering that United States with its conveniences, styles and attractions is a foreign and forbidden land. That situation influences their thinking.

Will End Up American?

Just how the land areas to be developed by the United States are to be organized and administered in these various islands is not yet clear. It is assumed that the principle of extraterritoriality will be invoked, which will cut off the U. S. zone the same as the Canal Zone in Panama, making it a completely independent administrative unit. Some of the islanders are wondering whether they will need passports to cross United States leased territory to get to their beach homes or favorite holiday resorts.

"Do you think you're going to end up an American?" I asked one islander

"Can't tell, can't tell," he replied. "The leases run for 99 years. Mighty lot of history is going to be made in that time."

The inference was: "Wouldn't be surprised."

First Prize Portfolio —

Investing $25,000 in Mining Stocks

Keep Taxes in Mind, Winner of Post Mining Contest Advises

Winner of the $100 first prize in The Financial Post's contest on investing $25,000 in Canadian mining issues was the entry of W. R. Taprell, Calgary manager of James A. Richardson & Sons, published below. The second prize winning entry and other portfolios securing honorable mention awards, as listed on page 11, will be published in succeeding weeks.

In printing Mr. Taprell's entry and those of other contestants, The Financial Post wishes to emphasize that the opinions expressed are those of the contestant and not necessarily those of the judges or The Financial Post.

By W. R. TAPRELL

In considering any investment or speculation today, it is essential to keep in mind the factor of both corporation and individual taxes which enters into the picture far more than the average buyer of securities would have thought possible two or three years ago. Outside of corporation taxes, a fact many buyers overlook is that when they make an investment they must seek net return after income taxes, not gross yield, and in arriving at this figure they must use that percentage rate of tax which applies on their income in their highest bracket of taxation.

I mention this at the outset as an important factor, because net return to the man who is to consider this $25,000 investment, of a speculative high income stock, as compared to a lower income more conservative security, is brought considerably closer in actual dollars through taxation, and often to the point where the speculative risk attached to the former might be worth the gross but not the net difference in return.

Capital Appreciation Vital

You state that the business man mentioned has his own business, from which we are presuming he draws a salary and dividends, and that he also possesses income from other investments. Having $25,000 available for investment under those conditions, we probably are safe in assuming that, including Dominion, provincial, and in some cases, municipal income taxes, in his top brackets he is paying a percentage tax of close to 50%. He therefore, should not buy a stock merely because it pays a high return, unless there is a chance for capital appreciation, or unless the dividend is secure and being earned from profits, not being paid out of surplus to the extent that in spite of depletion allowances he is paying income tax on return of capital.

This brings us to one of the most important points this man must consider in the senior securities which he purchases primarily for income. It is advisable for him to purchase in this class of stock, only equities of those companies which are retaining out of their profits reasonable sums of money to be used for intelligent development and exploration of other properties, so that the life of the mining company does not cease when ground from which they are receiving their present dividends becomes exhausted.

No Fear for Gold

Mining stocks in this country are divided into two classes, golds and base metals. We have no fear, at the moment, for the future of gold, nor that companies producing this highly essential war commodity will be unduly taxed, because it is in the interest of the Government that they be given every encouragement to produce that most liquid form of foreign exchange, gold. The Government has lately given tangible recognition to this fact in tax legislation designed to help the marginal producer, and we feel gold companies as a general rule will receive favorable tax treatment when compared with most Canadian industries.

The purchase of gold stocks, however, is not, as some investors imagine, necessarily a hedge against inflation, unless they are held through the inflation period, because in the case of gold stocks, if inflation is eventually unavoidable, a drastic attack of it with no increase in the price of gold might make the operations of many mines temporarily unprofitable due to rising costs. They are, however, a hedge against deflation of currency to the extent of the amount of the increase in the price of gold the Government does not take away from them in taxes.

Place of Base Metal

On this account, I feel a fair portion of this money should be placed in base metal stocks, which might more properly be considered an inflation hedge and which, in spite of present fixed base metal prices for overseas shipments have provisions in their contracts which protect them to some extent against a general rise in production costs. At least the price to Britain is in most cases only fixed for a year ahead. At the same time, we do think the Government will give very sympathetic consideration to higher operating costs of gold mines, if lowering of the profit margin threatens to lower the value of the gross production available for exchange purposes.

A mine is a depleting asset, so the question of ore reserves is one of utmost importance whether it be a gold or a base metal. It is a well known fact many of our better known companies are very conservative in their ore reserve figures, and if only five years' reserve of ore is actually shown as proved, it is not reasonable to imply that the mine will be exhausted at the end of the period.

It is not always possible or profitable to block out reserves too far ahead. This matter may be somewhat difficult for the average investor to figure out, but we do feel that where the yield on a mining stock seems high and out of proportion to that obtainable on mines which we are apt to regard as being in the same class, that this high yield is, in the majority of cases, prima facie evidence of a considered market opinion that a large part of such dividend must be considered a return of capital.

There is no set rule by which the investor may amortize his investment in a mine, but we feel there are sound and conservative policies which, if the investor will follow, having soundly diversified his mining securities, will result in a practical way of separating income from capital return. First of all, after his income tax for the year has been made out, he should reinvest in sound mining or other securities, a minimum of the amount the Dominion Government has allowed him to write off for depletion. In the particular case with which we are dealing, we are suggesting a reinvestment of almost one third. In the second place, as previously mentioned, he should confine his investments in the older mines to those that have adopted a successful policy of exploration for other properties, or have built up a reserve of sound securities which will allow continuation of dividends.

Intermediate Golds

We also feel it advisable, besides placing a fair portion of this money in senior golds, a good percentage of the money should be invested in what, for the want of a better word, we might term "intermediate" golds, securities in those companies which have been in successful operation long enough so that we may say they have good prospects of graduating to the senior class in the very near future; mines with a good reserve of ore blocked out and whose margin of profit per ounce is reasonable and whose management have shown themselves capable. The enormous mining development of Canada in the past ten years is resulting in a percentage of the original prospects becoming really big mines. This should not be overlooked.

With the possibility of increased costs, we think close attention should be paid to the margin of profit. It is not so much what the grade of ore in a mine runs, it is percentage of operating and other costs compared to the value of the ore. In other words, it is cost of producing an ounce of gold. If costs rise 10% the profit of a mine producing gold at $25 an ounce is not going to be nearly as badly hurt as one where costs are $30 an ounce. It is, therefore, preferable to buy securities of a mine with a reasonable profit ratio, rather than to rely upon assistance of the Government in helping the high cost producer.

As our business man is one of means, we feel that he can afford to allot some portion of this sum for speculative purposes in the more junior mines with prospects, but, as we have regarded this primarily as an investment and not a speculative programme, the amount thus set aside here is only a small percentage.

We also feel that while diversification is desirable, for a business man who must devote most of his time to looking after his own business, over-diversification is not, and that having too many baskets with only one egg apiece in them is not sound. His list should be reviewed regularly and he should make an intelligent effort to keep up to date on the securities which he holds. He cannot do this if his list be too large.

As far as the matter of capital appreciation is concerned, this is always desirable, but the actual value of the stock purchased is the main thing, and if the shares purchased are sound value, capital enhancement will follow in any market that properly appreciates the worth of the Canadian mining industry.

It would be a mistake for this man to strive for capital gains through using a large portion of the money available in the purchase of mining securities which were still only in the prospect stage, although it is advisable to strive for this profit by placing some of the money in junior securities whose development to date gives reasonable promise of further ore reserves and future increased earnings. We do think that if his income received from mines is not required by him for living purposes, it would not be amiss to put part of this into well investigated prospects.

Good Management

We have discussed this investment so far in general terms before arriving at the task of picking the specific stocks which we feel meet these requirements. We have not stressed the feature of management as it goes without saying honest, capable and efficient management is an essential quality. Another thing that should not be overlooked is how sometimes because no new developments have occurred at a mine, a stock is sometimes passed by in favor of those whose recent market action has been more spectacular.

Our list attached consists of 13 stocks, we do not believe the number unlucky, and the money is apportioned to them in such a manner it should assure a reasonable return, a continuity of income, a chance for capital appreciation, reasonable safety of principal and marketability. Eleven out of the 13 stocks are in the dividend class, and it is not beyond the bounds of probability that Malartic Goldfields will enter the dividend class in 1941.

The Portfolio

Briefly our reason for selecting the securities mentioned is as follows:

McIntyre's large liquid position in high-grade securities, and its ore position, and **Hollinger's** record and present position commend them to us as investments of merit. Earning records and prospects, expanding ore developments with reasonable increases in mill capacity and future prospects of their being big mines are why we include **Kerr-Addison, San Antonio** and **Preston East Dome**; **Central Patricia** because of its good earnings and prospects, and **MacLeod-Cockshutt** and **East Malartic** because of earnings and speculative possibilities due to drilling programmes.

Noranda is included because of its excellent earnings, its aggressive policy of development of other properties and its ability to change its gold-copper ratio of output as profitable operation demands; **Consolidated Mining and Smelting** because of its favorable return, and its tremendous ore reserves of lead and zinc, and **Hudson Bay Mining and Smelting** because of its return, its large ore reserves of copper and zinc and the record of its operations since inception. **Broulan** is on the list because further development of reserves looks favorable, its present supply of blocked out ore is good, and so is its operating costs ratio. As well, there is the additional speculative element of its holding in Bonetal. **Malartic Gold Fields** is chosen because it has a reasonable operating cost ratio as well, and only a relatively small area in the favorable zone explored, with the expectation that the money now being plowed back into the property will give favorable results.

As some of the mines are in the expanding stage, and with unknown seas ahead of us in the way of additional taxes, it is somewhat hazardous to guess the 1941 dividend returns, but we have listed the 1940 returns and feel quite certain that those available for 1941, in spite of these additional payments to the Government, will run ahead of payment for 1940.

The Yield

Kerr Addison should be able to pay at least 35c., Preston East Dome 30c., San Antonio 30c.; East Malartic and Central Patricia will probably pay approximately the same although East Malartic's is to be deferred for six months. With Broulan's earnings of 22c. for 1940, the dividend should certainly be materially increased. On 1940, the income of $1,711.50 is close to a yield of 7% and $342 of this income is not subject to taxes. We think if the investor would be content with a return of 5% and reinvest the balance, it would be a policy which would pay him well in years to come. We think that the senior mines and base metals mentioned will manage to maintain their dividends for last year and, in many cases, are undervalued on the present market.

Stocks Suggested For $25,000 Mining Investment

Number Shares	Stock	Price Jan. 31 $	Cost $	Dividends 1940 $	Income 1940 $	Yield on 1940 Returns %	Price Feb. 24/41 $
50	McIntyre Porcupine	47	2,350	3.05½	152.75	6.49	47.50
200	Hollinger	12.75	2,550	1.10	220.00	8.59	12.87
			4,900		372.75		
500	Kerr-Addison	3.60	1,800	.15	75.00	4.17	3.25
500	Preston East Dome	3.00	1,500	.20	100.00	6.67	2.82
700	San Antonio	2.40	1,680	.20	140.00	8.33	2.17
500	Central Patricia	1.77	885	.23	115.00	13.00	1.72
500	East Malartic	2.74	1,370	.30	150.00	10.91	2.60
500	MacLeod-Cockshutt	2.03	1,015	.20	100.00	9.82	1.78
			8,250		680.00		
50	Noranda	55.50	2,775	4.00	200.00	7.21	51.00
100	Hudson Bay Mining	25.25	2,525	2.00	200.00	7.92	25.00
75	Consolidated Smelting	37.75	2,802	2.25	168.75	5.95	35.00
			8,102		568.75		
2,000	Malartic Goldfields	1.01	2,020	.....	....	.....	.96
1,500	Broulan Porcupine	.93	1,395	.06	90.00	6.45	.77
			3,415		90.00		

Commission on above	$ 249.75
Total investment	$24,916.75
Total Income 1940	$ 1,711.50
Average yield	6.85%

Prize Winners Are Announced

(Continued from page 11)

their holdings in cash or war savings certificates to be able to enter the market at a later date.

The record of a company's management was also taken into consideration in marking an entry. Some entrants stressed the need for real confidence in a management before making an investment, but others failed to make any particular comment on management which, of course, is an important long-term factor.

It was taken for granted in marking that the businessman investor would demand his investments be marketable—preferably with listing on some recognized exchange.

Readability was another factor of importance. Good ideas were often poorly expressed. Some of the best portfolios — if judges' opinions rather than argument for the portfolio are considered—were advanced by people who were either guided by sixth sense or were unable to translate their ideas into writing. These people, of course, suffered severely as the judges had to be guided by the argument for the portfolio.

Before the marking of contest entries started, it was thought that many contestants would wish to discuss at length the position of gold in the world today. While gold did come in for discussion, there was perhaps not as much said on the subject as might have been expected. Most of the contestants appeared to feel that gold had a definite place in a democratic world.

How Essays Were Judged

Judging of the entries in the first instance was carried out by four editors of The Financial Post. Entries that received a certain average or even one individual high mark went into the second round of the contest. These entries were marked by two further judges, including one outside authority. With the marks of six judges available, a final independent judge was called. While it is impossible to give this man's name on account of the position he holds, it can be stated he has an outstanding reputation not only in the mining engineering field but in the selection of mining shares for company portfolios. He has no connection with any Canadian mining company. With his aid winners were finally selected and honorable mentions awards were determined.

Canada's Most Popular Stock

(Continued from page 11)

company has expanded into the exploration field.

Macassa, with exactly 25 selections, was chosen in one instance "because it was able to increase its earnings last year despite a 167% increase in taxes." Another entrant—from Kirkland Lake—states that "large ore reserves are backing a long range development programme on surrounding claims upon which options are held in conjunction with others."

Disclosure of the "biggest ore body yet" in work to the west was voiced as a good enough reason for choosing MacLeod-Cockshutt Gold Mines which was mentioned in 23 portfolios. When developed, this new ore is expected to lead to a major increase in mill capacity, contestants pointed out.

A high level of earnings in relation to current market price, four to five years ore ahead of its new mill and a substantial interest in the adjoining property of Bonetal Gold Mines, were the chief reasons advanced why investment portfolios should possess a block of Broulan Porcupine Mines. Altogether Broulan was mentioned in 22 portfolios, just one behind MacLeod-Cockshutt.

Altogether the contestants chose 91 stocks. On the whole quality rather than high speculative attraction was sought. Only seven stocks were chosen which are not in the producing category. These were: Bonetal Gold Mines, Brock Gold Mines, National Malartic, New Augarita, Springer Sturgeon, Steep Rock and Thompson-Lundmark.

The number of portfolios in which individual stocks appeared is as follows:

Noranda	56	Aunor	9	Coniaurum	2
Kerr-Addison	54	Central Patricia	9	Dom. Coal pref.	2
Inter. Nickel	46	Asbestos Corp.	9	Jason Mines	2
Hollinger	45	Perron	8	Magnet Consolid.	2
Hudson Bay M. & S.	41	Beattie	7	Powell Rouyn	2
Cons. Smelters	38	Buffalo Ankerite	7	Pioneer	2
Preston E. Dome	38	Cochenour Willans	7	Siscoe	2
Dome	36	Sherritt Gordon	7	Sladen Malartic	2
East Malartic	35	Waite-Amulet	7	Slave Lake	2
McIntyre Porcupine	34	Cariboo G. Quartz	6	Toburn	2
Bralorne	33	Falconbridge Nic.	6	Bidgood Kirkland	1
San Antonio	30	Teck-Hughes	6	Bobjo	1
Wright-Hargreaves	30	Francoeur	5	Bonetal	1
Macassa	25	Hard Rock	5	Coniagas	1
MacLeod-Cockshutt	23	Naybob	5	Delnite	1
Broulan Porcupine	22	Pamour	5	Hoyle	1
Lake Shore	20	Senator	5	Mahikuru	1
Pickle Crow	18	Sullivan Consol.	5	McWatters	1
Lamaque	16	Bulolo	4	Moneta Porcupine	1
Steep Rock	16	Hallnor	4	New Augarita	1
Chesterville	15	Kirkland Lake	4	Normetal	1
Upper Canada	15	National Malartic	4	O'Brien	1
Sigma Mines	14	Negus	4	Paymaster	1
Malartic G. Fields	13	Canadian Malartic	3	Pend Oreille	1
McKenzie Red Lake	12	Eldorado	3	Reno	1
Ventures	12	God's Lake	3	Sheep Creek	1
Madsen Red Lake	11	Privateer	3	Sturgeon River	1
Little Long Lac	10	Premier Gold	3	Sudbury Basin	1
Sylvanite	10	Springer Sturgeon	3	Thomp'n-Lundmark	1
		Anglo-Huronian	2	Uchi	1
		Brock Gold	2	Wendigo	1

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CHARTERED ACCOUNTANTS

Accounting Conventions and the Financial Statement

At this time of year most corporations are issuing annual financial statements which show the progress or otherwise of their businesses during the period under review. Such statements reflect not only recorded facts but also accounting conventions and personal judgments which in their application may affect the statements materially. Adherence to generally accepted accounting principles and conventions, it is acknowledged, must play a large part in arriving at a sound judgment. It is important then that, in addition to the check for clerical accuracy, an independent review of the statements be made by those having a sound knowledge of all such principles and conventions.

To explain further, a distinguishing characteristic of business today is the extent to which expenditures must be made in one period for producing profits in the future. How should such expenditures be treated in the annual accounts? Some method has to be determined by which a proportion of these expenditures will be charged against current operations and the remainder carried over to subsequent periods, otherwise it would be impossible to present an annual income account and arrive at the amount of taxable income and profits available for dividends.

So here and in other respects there has grown up a body of conventions based on theoretical and practical considerations which form the basis for the determination of income and the preparation of the balance sheet. Again, while there may be general agreement on certain broad principles, there still remains room for differences in the application of principles in a particular business which may affect results to a marked degree. This is one field in which the chartered accountant acts in his important role of adviser to corporation executives.

One of a series of brief discussions of the work of the professional accountant.

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Canada's New Minister to U.S.

Leighton McCarthy Returns To Public Life After Outstanding Career in Business

By K. R. WILSON

Leighton Goldie McCarthy is Canada's new Minister to Washington.

After a lapse of 33 years, an outstanding Canadian, one who should never have been permitted to retire from public life, now returns to his country's service.

His background, accomplishments and maturity mark him as a man whom Americans and Canadians will quickly learn to admire and respect.

Mr. McCarthy is chairman of the board of Canada's oldest life insurance company—the Canada Life—a company whose U.S. stake is almost as great as its stake in Canada.

He is chief executive in Canada for the vast and war-vital Aluminum company interests and for the potent Union Carbide group of companies.

He has long been a close personal friend of Franklin D. Roosevelt whom he visits each year at Warm Springs, Georgia.

From 1898 to 1908 he held in the House of Commons a seat which had been "in the family" for a generation.

Had he chosen to continue in politics there is little doubt that he would have been one of the great men of Canadian statecraft. His extraordinary political "intuition" is one of his dominant attributes.

Courageous Decision

It took great courage for Mr. McCarthy at 71 years of age to accept this assignment. In stature, physique and mental alertness the new Minister is the match of men 20 years his junior. But he suffers from arthritis, which means he will have to grit his teeth in Washington's muggy climate.

Fortunately Mr. McCarthy is a man who is at his best in what would constitute a crisis for anyone else. In fact, there literally haven't been any crises in his life. When situations get tough and the going is hard, he can throw his head back and laugh. Men who have worked with him for a lifetime say they have yet to catch him "off his feet" when trouble is brewing or a fight to be fought.

McCarthys and Politics

Up around Barrie, Ontario, where the McCarthys come from, there will be rejoicing and reminiscing at the thought that a McCarthy is back in the national spotlight. The oldtimers and even a lot of the young fry still talk about the days when Leighton and his famous uncle, D'Alton McCarthy fought some of the memorable battles of Canadian political history in the North Simcoe riding.

It was Sir John A. MacDonald himself who first persuaded D'Alton McCarthy to enter federal politics. Later D'Alton split with his leader over the Manitoba Protestant School issue and the Jesuit's Estate Act. He placed himself at the head of the "Equal Rights" movement and prior to his death in 1898, contested the next two elections as an Independent. His decision to give support to Laurier in 1896 played an important part in the election of the great Liberal Leader. When Leighton McCarthy stepped into his uncle's political shoes at the age of 29 he ran as a Liberal.

Offered Cabinet Post

Leighton McCarthy remembers vividly the day his uncle first contested and carried the riding in 1878. A lad of nine, he cried for fear his uncle would have his head split open by overhanging storefronts as enthusiastic supporters carried him through the streets of the town.

Mr. McCarthy's decision to withdraw from politics after sitting at Ottawa for 10 years was due to family reasons. He did not contest the 1908 election but in 1911, at the eleventh hour, Laurier and Fielding both brought pressure to have him return to politics. He agreed to run—a few weeks before election day.

The Liberal party was routed and Mr. McCarthy lost the riding by 172 votes. He returned to his law practice at Toronto. Despite subsequent offers of a Cabinet post, especially after Sir Lomer Gouin's death, he resisted the temptation. He has taken no active part in Canadian politics for many years, had not, in fact, seen the Prime Minister for a considerable time prior to the negotiations of the past two weeks.

As indicated by Mr. King in the House this week, he was offered the Washington post some years ago but turned it down.

Roots are Irish

The McCarthy roots are Irish. Leighton McCarthy's grandfather (another D'Alton) was born in Dublin. He was a solicitor who retired at a relatively early age to a country estate at Blackrock, outside Dublin. (At one time the McCarthy's held title to what is now the main waterfront of Dublin port.) Mr. McCarthy's partner who had remained in town got into financial difficulties. To make a long story short, Mr. McCarthy had to abandon his life as a country squire. He decided to migrate to Canada and settled on Kempenfeldt Hill, outside the town of Barrie, in 1847. Most of his 11 children, including Leighton's father (John Leigh Goldie McCarthy) and the politically-minded D'Alton, Jr., were born in Ireland.

At the age of three, J. L. G. McCarthy came to Canada with his father, to return (by himself) to Ireland at age seven. He attended public school there, returning to Canada later to graduate in medicine from the University of Toronto in 1865. He started to practise at Walkerton, Bruce County, where Leighton was born, but moved back almost immediately to Simcoe North. When argument arose as to whether Leighton was a Bruce or a Simcoe boy (very important in old-time politics) his mother would say:

"Tell them if you weren't born in Simcoe you spoke your first word there and haven't stopped talking since."

His Uncle's Footsteps

Leighton McCarthy attended Grammar School at Barrie along with many who were to make their mark in Ontario and elsewhere—Oslers, Falconbridges, Spraggs, Ardaghs—a notable community. He read law for five years in Barrie. As he was nearing the end of his indenture, Uncle D'Alton, who was an important and influential lawyer in Toronto, came home to contest the election of 1891.

It was mid-winter and the riding was a big one. Leighton was detailed to drive his relative from place to place and help him in his campaign. He proved so shrewd and apt that when the election was over he was offered a job in his uncle's law firm. In 1898, on his uncle's death, he contested the North Simcoe riding which he held until 1908.

Business Connections

The list of his present directorships—Canada Life, National Trust, Central Canada Loan and Savings, Toronto Savings and Loan, Aluminium, Ltd., Aluminum Co. of Canada, Saguenay Power Co., and affiliated companies, Union Carbide of Canada, Canadian National Carbon Co., Prestolite Co. of Canada, Ltd., Dominion Oxygen Co., Electro-Metallurgical Co. of Canada, Bank of Nova Scotia, British America Assurance Co., Western Assurance Co.—is a measure of the breadth and scope of his corporation practice and connection. Mr. McCarthy does not take credit for having brought the Aluminum interests to Canada. When he first met Arthur V. Davis, chairman of the board of Aluminum Co. of America, in Montreal, Mr. Davis had already interested himself in waterpower development up the St. Maurice River. But Mr. McCarthy did play a major part in molding and shaping the development of this $100 millions corporation in Canada.

It was through his friendship for Mr. Davis that Mr. McCarthy first came in contact with the Union Carbide group. As a result, he was instrumental in establishing in Canada this wide-spreading electrometallurgic development. There is little doubt that he has played as important a rôle in directing American industrial capital in this country as perhaps any other Canadian.

The late Senator Cox's friendship for him brought about his relationship with Canada Life—the company with which Mr. McCarthy's name is most often associated.

Five Children

Through his five children—four girls and a boy—Mr. McCarthy has maintained an increasing intimacy with things American. One of his daughters now lives in New York. Her husband is with Dominion Securities Corp. His son, John, married a New York girl, whom he met at Warm Springs, Georgia. His most recent grandchild, now three weeks old, was born to them in that city.

It was through his boy John that Mr. McCarthy first became interested in the Georgia Warm Springs Foundation for infantile paralysis. John McCarthy (who had earlier been a brilliant athlete at Ridley College) went first to Georgia for treatment in 1929 shortly after Franklin Roosevelt was elected governor of New York State.

Mr. McCarthy has been an active athlete most of his life. He was a top-ranking lacrosse player in the 1890's and a member of the Toronto team which played against the Montreal Shamrocks at the Chicago World's Fair. He has on many occasions played with the Canadian Senior Golfers in the United States and in England. He also played hockey in his Osgoode Hall days. He is now an enthusiastic hockey fan and a director of the Maple Leaf Gardens, home of the Toronto Maple Leaf team.

Model of Diplomacy

When it comes to talking about his new job, Mr. McCarthy is a model of diplomacy. A few years ago, when I first spoke to Mr. McCarthy about an interview, he brushed the matter aside. The present generation was not interested in him or his affairs, he modestly suggested.

Today he submits graciously to questions about himself but shuts up tight when asked about his new job at Washington. He referred me to what Hon. Vincent Massey, Canada's First Minister to Washington, said when addressing the Pilgrims of the United States at a dinner of welcome in New York, Feb. 23, 1927. Mr. Massey quoted the celebrated Georgian diplomatist, Lord Malmesbury, who gave the following counsel to a friend's son about to enter the diplomatic service:

"The first and best advice I can give the young man on entering this career is to listen, not talk."

Salesman for Canada

But it is quite clear that Mr. McCarthy has no intention of letting Canada's story go by default in the United States. Not many days ago a friend from the Southern States called him by long distance to bolster his own opinion as to what Canada was doing in respect of its war effort. He asked Mr. McCarthy if he would talk to a third party who was badly in need of a "pep talk" on Canada.

The call was switched and for three quarters of an hour Mr. McCarthy told of his enthusiasm and conviction as to what Canada was doing at its end of the Anglo-Canada-U.S. entente. Before hanging up, Mr. McCarthy said to his friend: "I hope you don't have to pay for this call."

The friend replied: "I would do that any day for Canada or for England."

Particularly in the last few years, Mr. McCarthy has been promoting younger men to bear much of the heat and burden of the day. He has never liked detail and his advice and counsel have been used increasingly on broad questions and on matters of policy, especially where fundamental issues were at stake. His acceptance of the Washington post means a very real personal sacrifice. But it is one he is making very gladly in the hope that his ability and experience will help his country at this time of crisis.

Conservatives To Reorganize

Campaign Under Way to Carry on Traditional Policies

From Our Own Correspondent

OTTAWA.—Following conferences of leading Conservatives throughout Canada, it has been decided to begin forthwith the reorganization of the Conservative party.

Since 1935 many observers have believed that the Conservative party was doomed to be swallowed up by the Liberals. This, it has been argued, would leave the socialist C.C.F. as the opposition party, the alternative government, and introduce a measure of reality into Canadian politics.

To Carry on Traditions

Such a development, however welcome to radical opinion, seems to be ruled out by the decision of leading Conservatives to reorganize their party with the conscious intention of offering constructive criticism to the present Government, of broad alternative policies to the country.

This means that the Conservatives have definitely decided against a Union government. The party, of course, will give ardent support to the war effort but will check it in detail to uncover and correct weaknesses and to make it as efficient as possible.

The attack on the aircraft muddle is the first indication of this changed emphasis in policy.

At the conferences referred to the policy of the party was worked over in broad outline. The old tradition will be followed; strong support for Imperial ties; fiscal policies designed to encourage industrial development; "sound" finance with alertness, to stop inflationary trends; liberty of the individual and the giving of every encouragement to private enterprise. The party will resist socialistic and paternalistic tendencies.

In due course a national convention will be held and a leader selected in the traditional way. Hon. R. B. Hanson has no ambition in this direction and is acting largely in the capacity of a regent.

Seaway Deal Almost Ready

Political Obstacles Removed and Construction to Start Soon

From Our Own Correspondent

OTTAWA. — Whatever hesitation the Government may have had with respect to the St. Lawrence Seaway has disappeared and with it the fear of political consequences. The situation in Quebec will not be seriously affected, it is now believed.

As announced in The Post last week, a statement will be made as soon as the detail of the agreement can be completed.

It is evident, of course, that the Canadian Government in agreeing to immediate construction of the seaway is facilitating a line of action dear to the heart of President Roosevelt. But there is nothing in the nature of a bargain in so doing, although without doubt the gratitude of Mr. Roosevelt and the Washington administration is something not to be ignored in times like these.

Effective U.S. Plea

But it is equally true that Washington officials have used very effective arguments at Ottawa. The most effective of these is, simply, that if this is a short war, the seaway will only be getting nicely started (say 1942) when peace comes and it will then be as useful and desirable a public work—apart altogether from its intrinsic merit—as Canada could find. If, on the other hand, this is to be a long war, St. Lawrence power will be necessary to the full development of war industry.

The United States experts have pointed out that while Canada would doubtless be prepared to proceed with the seaway at any time, it is now or never with the U. S. The record at Washington proves the difficulty of getting approval for the project and only as an urgent war measure has it got a chance of successfully running the gauntlet of Congress.

Eastern Car Co. Secures Big Order

From Our Own Correspondent

MONTREAL—Eastern Car Co., subsidiary of Dominion Steel and Coal Corp., has received from the Canadian National Railways a $1 million order for 250 gondola railway cars.

The 70-ton cars will be of a new type, the design to be worked out at the Trenton plant. For this reason work will not begin for about 8 weeks until the necessary tools and dies have been obtained.

Between 750 and 800 men will receive employment through the order, as the Trenton plant and the Maritime Steel and Foundry Company in nearby New Glasgow will help produce material for the cars.

C. I. L. Extends Wharf On Hamilton Property

From Our Own Correspondent

MONTREAL. — Canadian Industries Ltd. has awarded contract for construction of an extension to the existing wharf at the company's Hamilton works to the firm of Stewart McKenzie, Toronto, builders of the original wharf. The extension, which will serve as a loading and unloading station, will be approximately 300 feet long and varying in width from 24 to 36 feet.

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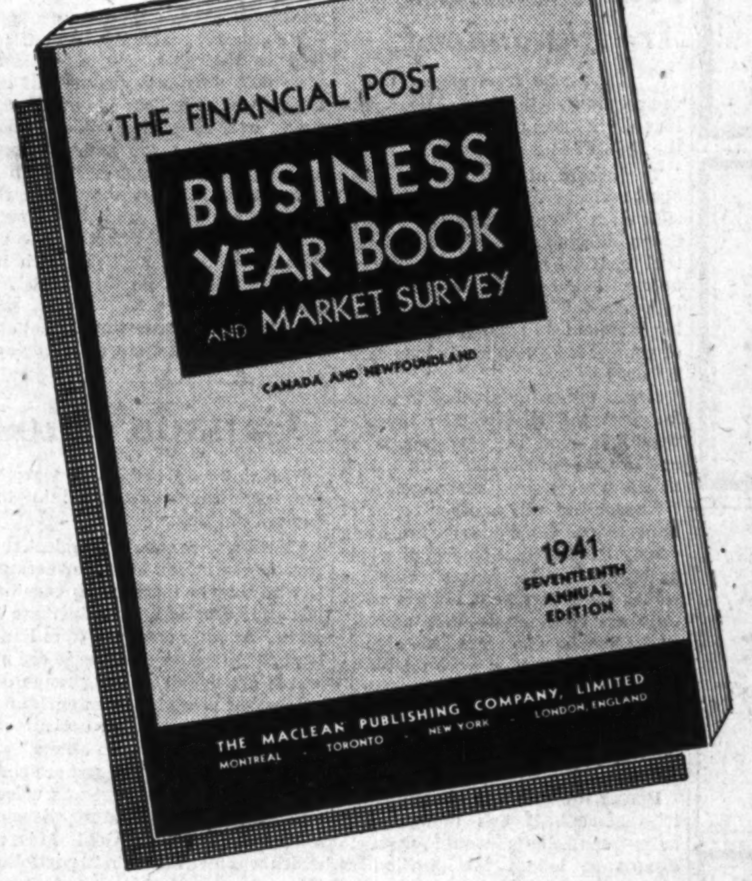
R. A. McInnis Retires From Anglo-Canadian

From Our Own Correspondent

MONTREAL. — Owing to ill-health, R. A. McInnis has resigned as managing director of Anglo-Canadian Pulp and Paper Mills Ltd. However, Mr. McInnis will remain on the board of directors and will continue to assist the management in a consulting and advisory capacity.

Retirement of Mr. McInnis has necessitated executive changes by the company. John Cowley of London, chairman of the Daily Mirror, remains as president; R. C. McMichael of the Montreal legal firm of Montgomery, McMichael and Howard, has been elected first vice-president, and W. J. Clarke second vice-president. Both Mr. McMichael and Mr. Clarke have acted as directors of the company for some time. E. M. Little has been appointed general manager.

JUST OFF THE PRESS



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